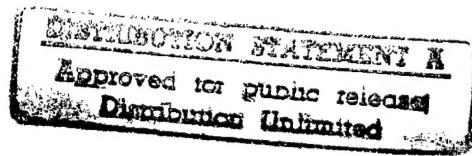




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# JPRS Report



# East Europe

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# East Europe

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**Zacsek Denounces Soros; Correspondence Exchanged**

**Soros Attacked**

93CH0010A Budapest MAGYAR FORUM  
in Hungarian 3 Sep 92 pp 9-16

[Article by Gyula Zacsek, National Assembly representative and member of the Hungarian Democratic Forum: "Termites Are Eating the Nation; Reflections on the Soros Course and the Soros Empire"]

[Text] Termites cause damage by eating away the inside of things. The contents, spine, and essence—that is, everything that provides support—until the weakened frame becomes unable to support itself and collapses. All that becomes evident to the unsuspecting individual only when irreparable tragedy has already occurred.

Dear Reader, I have been investigating the Soros Foundation since Istvan Balas, a fellow member of parliament and lawyer, and I questioned in a parliamentary interpellation the legality of two decisions made by the foundation's board of trustees here in Hungary. Regrettably, and thanks to the Hungarian media, few people know exactly the gist of our interpellation and how it ended. We both accepted the prosecutor general's answer and considered the matter closed.

Unfortunately, that is not what happened!

First, in an interview broadcast on *168 Ora*, Mr. Soros did not mention us by name, but heaped abuse on us and then simply dismissed us as fascists of Szalasi's ilk. I was at a loss about how to respond. For if I am a fascist merely because he is a Jew, then that is horrible. There just is no defense against such an accusation.

But the matter gave me food for thought. After all, we had not even mentioned him personally, yet he launched a personal attack against us.

After more than two months of investigation and analyses, I think I have solved the Soros empire's secret, which I would like to reveal here.

**Personal Opinion**

But before beginning a detailed exposition of the topic, I find it necessary to clarify a few essential points.

1. I am presenting my personal opinion as a member of the parliament and member of the MDF [Hungarian Democratic Forum]. Therefore it does not follow that parliament as a whole and the entire MDF share my opinion!

2. Regarding the nature of this article, it formulates hypotheses, confronts them with the facts (documents) and then draws from it conclusions, partly in the form of assertions, and partly as questions or doubts. It is like a jigsaw puzzle from which pieces are still missing, but the available pieces fit together into a recognizable picture.

3. The use of the word Jew in this article is unavoidable, nor is it my intention to avoid using it. For everyone senses and knows the consequences of a ban on calling a spade a spade.

4. Likewise unavoidable is the use of the following bundle of concepts: communism, liberalism, cosmopolitanism, and anti-Semitism.

5. One cannot sidestep the joint role of communism and Jews in the power aspirations in Hungary.

6. I am aware that, after the publication of this article, I will be labeled an anti-Semite, fascist, and Nazi. That I regret in advance, but I do not wish to avoid such labels by remaining silent about what I feel obliged to disclose.

The one thing I request of the reader is that he treat this material in its entirety and not fall into the trap of generalization. Should he find factual or logical errors, let us remove them jointly through factual and logical debate, rather than by attaching labels.

**Labyrinth**

I know from experience that it is difficult to find one's way inside the Soros empire. If I were searching for an apt comparison, I would say it is like traffic in a city where overnight all the traffic signs and lights have been switched around. We find streets that are one-way from both ends, and also streets that cannot be entered from any direction. For ease of orientation, let me list the bastions of that empire:

1. Mr. Gyorgy Soros, a businessman living in America.
2. The Soros Foundation, New York.
3. The Secretariat of the Soros Foundation, New York.
4. The Soros Foundation Committee of the Hungarian Academy of Sciences, Budapest (MTAB).
5. The MTAB Secretariat.
6. The Hungarian Soros Foundation.
7. The Central European University Foundation.
8. Central European University.

This multitude of organizations is necessary in order to get lost among them. Let the reader try to figure out which of the eight possibilities listed above is the recipient, when he comes across a newspaper report informing him that "Gyorgy Soros is finally getting a building that will be able to accommodate the university"!

I, too, was just as confused about the Soros affair as is a large proportion of this nation. I thought that boundless patriotism was brimming over from this selfless Hungarian who was bringing bagfuls of his own money for poor Hungarians. Admittedly, many people said that capitalists, and Jewish ones in particular, watched very closely where they put every dollar and did not squander their money. At that time I refused to believe what I was being told!

Now I know that they were right. Imagine a situation in which a person outside your family regularly brings gifts for your child. The outsider does not ask you what to buy or for how much. He himself decides all that. He keeps bringing gifts for the child, until finally the child loves the outsider more than he does his own parents. The only thing the child does not know is that the outsider always collects from the parents the full amount of the bills for the gifts. It is difficult to persuade the child not to accept any more gifts. That is my sole task and nothing more!.

### INTERPELLATION

In Hungary, the Constitution provides the ground rules for shaping democracy and living to see it. Thus the National Assembly elects the government, and in their turn members of the Hungarian nation elect the National Assembly. According to the substance of this relationship, the government administers the nation's affairs, within the framework of the laws that the National Assembly enacts. The government must report regularly on its activity to the National Assembly. In the same manner, upon the expiration of their terms of office, members of the National Assembly must report to their constituents.

Primary responsibility rests with the members of the National Assembly. They are responsible for ensuring that the government acts in a way that is acceptable to the nation.

We—Istvan Balas and Gyula Zacsék—were led by that sense of responsibility when in the parliament we put a question to the prosecutor general regarding the decisions the Soros Foundation's board of trustees had adopted in May of this year.

We objected to the following contributions made by the Soros Foundation: 540,000 forints for the Independent Radio Station—Pirate Radio Budapest, and 600,000 forints for Banned Radio.

### Against the Law

At the same time we also inquired whether it was not incompatible for Csaba Gombar, the president of Hungarian Radio, to be a trustee of the Soros Foundation.

The gist of the prosecutor general's answer was that "the deputy chairman of the board of trustees should see to it that (1) the contract concluded with the Banned Cultural Foundation is rescinded, and (2) the support the Soros Foundation pledged to the Independent Radio Station—Pirate Radio Budapest is revoked, because it is against the law to financially support an unlicensed radio station."

The prosecutor general's answer did not reveal who was the deputy chairman he had contacted. For the Soros Foundation has two deputy chairmen: Alajos Dornbach (an SZDSZ [Alliance of Free Democrats] member of the parliament and a deputy speaker of the National Assembly) and Miklos Vasarhelyi (an SZDSZ member of the parliament).

But the prosecutor general's answer did reveal that "neither of the two radio stations is licensed to broadcast." Moreover, that a director of the foundation had said that "the report published in the press was fairly accurate. Fairly, because the money was awarded to the Banned Cultural Foundation, rather than to the radio station itself, as the latter is not a separate legal entity." (In such complicated matters the reader should bear in mind the Soros empire's organizational structure.)

### Ambiguities

One could sense from the answer that everything is not unambiguous in connection with the foundation. It may be assumed, with a high degree of probability, that the other addressees of the board's decisions were also not identical with the ones published in MAGYAR HIRLAP. It may turn out that the actual recipients of financial support were not the ones mentioned in the newspaper! We wonder who misled the readers? Was it MAGYAR HIRLAP or the Soros Foundation's board of trustees? I assume that persons of high rank such as the trustees—Gyorgy Soros, Alajos Dornbach, Miklos Vasarhelyi, Kalman Benda, Gyorgy Enyedi, Csaba Gombar, and Tibor Vamos—know very well whom they have been supporting, and therefore MAGYAR HIRLAP was the one to distort the information.

### Authentic Information

But let us ignore this slight inaccuracy, because there are also more serious questions here. For instance, the question of authentic information about the Soros Foundation or the person of Gyorgy Soros! The poor newspaper reader has to pay an ever higher price for letting himself be hoodwinked daily. What was he able to find out about the gist of the interpellation the next day?

The report in NEPSZABADSAG did not reveal the very essence of the matter—namely the fact that the prosecutor general held the decision of the board of trustees had been unlawful.

NEPSZAVA's bold headline, "Yet Another Accusation Against Csaba Gombar," was deliberate evasion! The report informed the newspaper's supporting readership that "the two members of the parliament accused Csaba Gombar of subverting constitutional order with impunity, by providing financial support for the operation of two illegal radio stations." Not one word about the Soros Foundation's involvement in unlawful activity! If this report is typical of the quality of NEPSZAVA's journalism, then the situation of the paper's readership is truly exasperating.

MAGYAR HIRLAP devoted merely 22 short lines to its coverage. The brief report mentions Csaba Gombar's name five times and identifies him as a member of the Soros Foundation's board of trustees. There is not a single word about the prosecutor general's finding of unlawful activity; in other words, about the fact that the two MDF members of the parliament having done their work well. (In the parliament building after the interpellation, incidentally, I gave a MAGYAR HIRLAP

reporter an interview that has not been published to date, because it has been "suppressed.")

PESTI HIRLAP, UJ MAGYARORSZAG, and MAGYAR NEMZET did not mention the interpellation at all. The selective hearing of the press in conjunction with the Soros Foundation is indeed remarkable! Is there perhaps some connection between the newspapers' owners and editorial staff on the one hand, and the Soros Foundation on the other? By the end of this essay, the answer to that question will have become clear as well.

#### Lawful Decision?

As I have mentioned, MAGYAR HIRLAP's readership had no information at all about the parliamentary interpellation and the prosecutor general's reply to the question put to him. Yet two weeks later—as is customary in the liberal press—an article appeared that was based on a statement the Soros Foundation had issued. A few sentences in that article demand a closer look. The article begins with a denial: "The interpellation's allegation that the Independent Radio Station—Pirate Radio is operating illegally was false." Further on it claims: "In the case of Banned Radio, the situation is as follows: The Soros Foundation signed a contract not with the radio station itself, but with the Banned Cultural Foundation that is duly registered and is thus operating legally." And it concludes: "Nevertheless, the Soros Foundation wishes to operate within the laws and regulations. Therefore it accepts the prosecutor general's standpoint and will comply with the contents of his notice."

If the interpellation was in error, then I fail to understand why the prosecutor general has nevertheless declared the decision of the board of trustees unlawful? And if the prosecutor general erred, I likewise fail to understand why is it necessary to accept his erroneous standpoint, and why cannot the alleged truth be proved? Because the article published in MAGYAR HIRLAP is just as evasive and inconsistent as the report on the decision of the board of trustees was. It would be a good thing if one of the two parties involved were to issue a statement and admit to having been inaccurate. Or is that a naive expectation?

But the article in MAGYAR HIRLAP did serve one purpose: to publicize Csaba Gombar's exoneration. Thus there are already two trustees who did not take part in the board's decision: namely, Gyorgy Soros and Csaba Gombar.

As evident from the preceding, so far no one has considered the person of Gyorgy Soros himself. The only topic of discussion has been the unlawful decision of the board of trustees, which two MDF members of the parliament have successfully questioned in the parliament.

#### Affixing Labels

Somehow or other, articles lauding Gyorgy Soros suddenly appeared in various dailies, even in the ones that had remained completely insensitive to the Soros Foundation's unlawful decision. The style of the articles was the old style customary under the party-state. Let us not

mention anything bad, only the good! But only about Soros! So far as the change of political systems, the government and the MDF are concerned, of course, the exact opposite of this rule applies! Specifically, let us not report the facts, because that would only confuse readers! They might understand the details of Hungarian reality! And that could render impossible our task (i.e., the press's task) of dismantling the nation and eradicating Hungarian national awareness! We would be unable to accustom people to being ashamed of their Hungarian nationality, and to not tolerating national emblems and flags around themselves! Because otherwise we would label them nationalists, chauvinists, revisionists, anti-Semites, and fascists!

In the given case we are dealing with a military tactic that requires a minimal expenditure of energy—merely the affixing of a label—to trigger in the opponent an autolytic process that immediately puts him out of action. Meanwhile, of course, the opponent's associates and friends are bombarded continually with how despicable and perfidious a person bearing such a label is. And they are asked whether they want to tolerate such a person in their midst, or even to have the same label affixed to themselves as well? And if all that is not enough, then the label can be affixed to an entire people if necessary.

It seems that such selective objectivity is nothing new in Hungarian journalistic circles.

#### GYORGY SOROS

After all this, let us now return to Gyorgy Soros. Let him introduce himself in his own words, and be introduced by his immediate circle, by the Hungarian media, and by his contract with the Nemeth government, the contract that defines his activity.

"Early in my life I recognized the dangers that closed societies pose. Having been born a Jew in Hungary in 1930, I could easily have ended up in a gas chamber at the age of 14. And then, after surviving the German occupation, I could easily have wasted my entire life under a communist system, had I not emigrated." "I emigrated from Hungary in 1947, first to England and then to the United States."

The above autobiographical introduction cannot be left without comment. The reader might retain the false conclusion that somebody in Hungary threatened Gyorgy Soros with the gas chamber. Had Gyorgy Soros faced such a real danger, he would have left the country not in 1947, but at the time when that danger arose. By 1947, thank God, nobody in Europe was being threatened with the gas chamber anymore. There never was and never will be an Auschwitz or Dachau in Hungary.

#### Another Label!

The reason Soros's wording is shocking is that he uttered these sentences in Ukraine, where his audience could have been left with the false impression that in Hungary the poor Jewish teenagers ended up in the gas chamber! Merely because they had been born Jews in Hungary.

## HUNGARY

That affixes the label of anti-Semitism "to Hungary's forehead." I am keenly awaiting a list of names of the victims who died in the gas chamber in Hungary! Here we are not talking about the Jewish death camps, which cannot be condemned strongly enough and from whose horrors may God save all mankind. Soros spoke of gas chambers in Hungary! Under no foreign occupation and political pressure has the country ever sunk that low! "During those glorious 133 days" there had been the precedent of sending hundreds of innocent people to the gallows wherever the army of Tibor Szamuely (Samuel) roamed, but gas chambers were not built even for them when the 133 days were over.

A "wasted" life!? Have perhaps those who stayed at home, instead of emigrating to America, wasted their lives? Had we all chosen Soros's easier and more homeless solution, where would have Mr. Soros now found Hungary, to offer it help? Nowhere. In my opinion, therefore, the lifepaths of those who have stayed at home are more valuable than of those who did not want to "waste" their years.

**Empire?**

"When I became successful in the United States, I established the Open Society Foundation. That occurred in 1976. Today I already have an entire network of foundations in 15 former communist countries."

They say that the imagination knows no bounds. A power structure developed in 15 countries, for total external interference? What huge amount of money that requires! It is practically impossible to afford from one's own pocket! And if it is unaffordable, then one must conclude a contract that will ensure the funds still lacking.

Of course, one must never relinquish control over the direction and mode of using the funds. Indeed, the poor and destitute must be bombarded with ideas that the beneficiaries will be reluctant to abandon. Let us listen to Gyorgy Soros himself on how to proceed, and what style to employ, when forcing such ideas on the Hungarians, for instance: "The government (the present one—Gy.Z.) has promised to support Central European University. The courses are about to start, but we have not yet been assigned premises. Therefore I have been forced to lease premises, for very high rent: 30 million forints for one year. That is an intolerable burden. Not because I lack 30 million forints, but because it is not what I intended to spend it on. The matter is still pending. The government is always slow (yet another label) to take action, whereas I like to settle things."

Upon hearing these lines on *168 Ora*, I recalled a scene that occurred more than 15 years ago. A Gypsy woman accosted me on the boulevard and tried to pressure me into buying a ring for 500 forints from her. I should buy it, she said, because the gold ring was well worth the price. When I wanted to examine the ring more closely, she admonished me not to do so, to believe her, and to

conclude the deal quickly. Probably she, too, liked "to settle things." Well, that was another deal that fell through!

Where is the financial backing for the empire spanning 15 countries, when somebody does not have even a miserable 30 million forints to establish a university? Just what does "I have been forced to lease premises" mean? Who is it that wants to establish a Central European University here in Budapest? Isn't it Mr. Soros? And if he does not have the 30 million for that purpose, then why does he want a university here?

Hungary already has a university, several of them, and not just any kind! Under the present economic conditions, however, the state budget does not have money for a Central European University! Nor is there any need for one! What money is available is not enough even to maintain the level of the existing universities. Unfortunately.

And what is this about the government being "always slow to take action"?

Perhaps the government is being deliberate, because it is not certain that the offered gold ring is not made of brass, Mr. Soros! Perhaps it is time for you to realize that your contacts with the MSZMP [Hungarian Workers Party] Central Committee have ceased in Hungary. I welcome that, too, just as much as I do the end of gas chambers. There was not much difference between them, in the sense that either one could kill you.

**Not Only Here at Home?**

The process of democratization in Central Europe is very inconvenient for Mr. Soros's power aspirations in 15 countries, because the networks he developed with the ruling elites under the communist system, and which he has skillfully attempted to salvage, have either narrowed considerably or have ceased altogether in some countries.

**European Television?**

In Slovakia, a press campaign was launched against the plan for "European Television," and then against its realization. In the opinion of some people, circles close to Vaclav Havel—including Gyorgy Soros's interests—were behind the plan. In July, the new leadership of the Slovak Ministry of Foreign Affairs submitted the May decision for review to a commission of independent legal experts (the Slovaks made up their minds quicker than the Hungarian Government has—Gy.Z.). The commission found many irregularities in the work by the parliamentary committee that judged the plans submitted in the competition; it established that the committee had disregarded carefully elaborated plans among the 42 submitted. Thereafter, in late July, the application filed by the Perfect Corporation of Dunaszerdahely [Dunasjska Streda] was suspended, and four other companies were given the green light. Mark Palmer, the president of the Central European Development Corporation and former United States ambassador in Hungary, was considered one of the main pillars of the channel that

broadcast mostly Slovak programs, but also Polish, Hungarian, German, and English-language ones as well. It may be assumed that the process of change in Slovakia wrecked—to use a tactful expression—a manipulated, otherwise bought, first prize in the competition, and foiled an excellent opportunity to penetrate Slovakia. All this happened with the cooperation of the national press! And in this case, amazingly, no one is shouting at the Slovaks and calling them “untalented, semieducated, advocates of a confused ideology,” or even “fascists,” merely because Mark Palmer happens to be a Jew and not a Slovak. But where could they shout? In the national press or on “European Television,” which has been blocked? Only in Hungary is it possible to heap abuse even on members of parliament, especially if they belong to the MDF. What kind of democracy is this if it is not possible to speak out against an unlawful activity without the danger of being called a fascist, merely because the offender happens to be a Jew? Of course, a suitable networking system—a liberal TV network, radio network, and a newspaper network based on them—for it is available.

If anyone now furrows his brows and shakes his head in disbelief upon hearing such “rubbish,” let him carefully examine the Soros empire’s networking system in Hungary. [passage omitted]

Compare the above list of names with the question put to Soros by his interviewer on *168 Ora*, and you will find such a perfectly executed insinuation that would have won Erno Kardos 10 points towards the world title in gymnastics. The question put to Soros was: “Can this be interpreted to mean that your relations with the Eastern European democracies are not good, just as they had not been too good with the former dictatorships”? Would Soros’ relations have been too good only if he had been elected to the central committees of the communist parties in each of the 15 countries his empire spanned? After seeing the networking system above, that is the only conclusion one can draw.

#### CENTRAL EUROPEAN UNIVERSITY?

What does this enigmatic name conceal, and what activities have been or are being conducted under it? The Hungarian press has presented such an abundance of ever nobler ideas about the university that we could sample them ad nauseam.

Let us begin with the words of Peter Hanak (a department chairman at ELTE [Lorand Eotvos Academic University]: “With the establishment of Central European University, an old idea is being realized that dates back to the Middle Ages. After all, the great universities in the region (Prague, Cracow, and Vienna) performed a Central European function at one time. Later, in the period of national advancement and renewal, the idea of Europeanness at the universities became weaker. The time has come to consider the mentality of the peoples in this region and their perceptions of history and of the

present. That can best be achieved through a university (or perhaps a European Television in Slovakia, added comment mine—Gy.Z.).

“The seed from which Central European University germinated was a course held in Dubrovnik.

“There it turned out that a two-week ‘course’ was not enough for the Central European idea to take root. The university is training intellectual specialists. Modern lawyers, and also historians who will re-examine our history in the spirit of Europeanness, starting out from a sort of sense of belonging to the regional community.”

#### The Time Has Come

Reading Professor Hanak’s sentences, I try to imagine what the peoples of Europe were like in the Middle Ages. How could people have entertained the idea of Europeanness in their minds when they were barely able to read and write? In an age when Europe was replete with clashes between princes and 30-year wars. Suddenly they realized they had had enough of this common “mentality,” decided to split up into nation-states, and are still living as such if they have not died since. To hear a history professor say that there first had been the idea of Europe’s Europeanness, and then came the nation-states! What next?

And the time has now come for the peoples of the region to have a common mentality once again. Exactly what the communist catechism teachers kept telling us. Why does “Professor” Hanak think it necessary to reverse a spontaneous process by force, if once the idea of Europeanness faded of itself already in the Middle Ages (?) and national ideas gained ground? Was the experience of 40 years not enough?

The experiment in Dubrovnik proved that the Central European idea cannot “take root,” just as the circle cannot be squared. But if it cannot be achieved through two-week courses, then let us try a one-year curriculum. And if it cannot be achieved even that way, then in the end the tanks will roll in once again. What do you mean by demanding independent national existence in Central Europe, when what you need is the Central European idea? I, Hanak, will tell you what you need! Liberal and cosmopolitan ideas at the professorial level!

*Arise, Hungarian* [the first words of a militant song popularized in 1944 by Hungary’s Arrow Cross (Nazi) regime], from your dreams, you who long for democracy! The magician’s chant comes to mind: Watch my hand, because now I am deceiving you!

You may ask what the deception in all this is? It is the fact that the liberal, cosmopolitan “teachers” trained, on the basis of a rootless world ideology, in the Soros-Hanak course to hate national ideas will continue to infect their students, because their state diplomas will enable them to find employment. Against which I protest!

“Sixteen young scientists and teachers from 10 countries within the region are enrolled in the first academic year

that is now ending. The faculty has been recruited from among American and European experts."

Sixteen young people from 10 countries, and a faculty from Europe and America! But how many Hungarians are enrolled in the course? Or more accurately, to avoid being accused of discrimination, how many persons are from Hungary? But why should the Hungarian Government assume the costs? Let Mr. Soros foot the bill! Was not the university his idea?

The subjects of the course include: serious disorders in a Central Europe of small successor countries (I do not quite know what "small" is supposed to mean here), the fascisms, and the problems of four decades of communist rule, among other things. And to prevent the intention behind the course from becoming too obvious, also the present democratic transformation is being taught.

I admit, quietly and modestly, that I am not interested in the problems of communist rule. I would like to forget communist rule, together with its nation-diffusing, internationalist lunacies. Now, of course, I will be labeled an anti-Semite and anticommunist. With both labels, of course, because one goes with the other!

### **The Great Trick**

Now really watch my hand! Hip, hip, hurrah. The Soros trick!

A new contract between the Soros Foundation—it is not clear which one of the many that now exist—and the Ministry of Culture and Public Education is coming into force and will regulate cooperation between the ministry and Central European University. "Under the new contract, in other words, the government will practically retain a legal relationship only with the university."

"In practice, the university is not accredited. Indeed, at present Central European University does not meet the requirements specified in Government Decree No. 36/1990." "Nevertheless, the university is awarding official state diplomas, because it has concluded a valid agreement with the Law and Liberal Arts Schools of ELTE," said Alajos Dornbach, a deputy speaker of the National Assembly, a deputy chairman of the Hungarian Soros Foundation, an SZDSZ member of the parliament, and a lawyer. He is the one who advised me: "If I misinterpret a contract that qualifies as a professional legal text, perhaps I should have sought legal advice."

Mr. Deputy Speaker, perhaps you should have heeded your own advice in this case! A nonaccredited, nonexisting university has "a valid agreement" with ELTE, and that nonaccredited university is awarding state diplomas, while it also maintains some sort of contractual relationship with the Ministry of Culture and Public Education. Hip, hip, hurrah!

### **Need for Haste?**

But wait, there is still more to come. From the press we learn that "the contract was signed by State Secretary Attila Kalman on behalf of the ministry, and by Deputy

Chairman Alajos Dornbach on behalf of the Soros Foundation." However, "for the time being there is no final decision on what support the Ministry of Culture and Public Education will contribute, or more accurately, on what building it will offer."

It seems that Soros contracts always have some surprise in store. In this case the surprise is that some articles in the contract are left open. Specifically the article that determines the value of the contract.

Why this great haste? There can be only one reason for it: not to leave time to find out that the gold ring is made of brass. Now that the new contract has been signed, the Hungarian Government has no recourse! But under the old contract, Mr. Soros would have had no recourse!

In that same statement to the press, Alajos Dornbach argues that it would be good "if political skirmishing over the foundation could cease, and if the reports appearing in the press were based on fact." I agree wholeheartedly with the latter idea. But I wish to state categorically, with special attention to the foregoing and what is yet to follow, that whatever is taking place over the foundation is not political skirmishing. That is merely another label.

I dare note only softly that, in the new contract at the time of its signing, the real estate contributed by the government was accurately described, together with all its identifying marks. The false information that there was as yet no final decision on government support, originated from "a staff member of Central European University who wished to remain unnamed."

What could have been the reason for such mendacity? Perhaps the person wished to remain unnamed because he was knowingly spreading false information?

He attempted to lull those concerned with the contract, and wanted to be able to tell them later that they should have spoken up sooner, because by then, unfortunately, it was too late to do anything. And, of course, to be able to spread innocently his two clean hands.

It seems to me that, in the case of the university, we are confronted with a huge fraud. The Soros Foundation, Mr. Soros himself or perhaps someone else is keeping the press busy with such publicity as if it were a matter of enormous importance, and something that all Hungarians desired: "A Central European University With Soros Support."

Meanwhile Mr. Hanak (ELTE) concludes a contract with Mr. Hanak (Central European University)—in other words, with himself—to ensure that control of the two institutions is in the same hands. And then, with the government's money, they would like to bribe with huge sums the citizens of various countries who, in exchange for the generous grants today, could be used for any purpose anytime tomorrow. (There will be domestic examples of this latter on.)

If we consider his critical financial situation, Mr. Soros's irritated impatience with the government's unwillingness to rashly support this plan of his is understandable. To spend 30 million forints on the so-called university instruction of 16 students means an expenditure of two million forints per student. Imagine what quality of higher education the existing universities could provide if such a spending ratio were available to them. Mr. Soros wants to force the Hungarian Government into this difference in the level of funding, so as to be able to point out continually the huge difference between the Hungarian universities and his university, which incidentally is being financed from the domestic state budget. That is something that eventually people will have to be made to forget!

On the other hand, Mr. Soros still can salvage a part of his collapsing business empire, if he gets property that can provide a secure basis for his future activity. Otherwise it would not have made any sense to scrap the old contract ahead of time, because the government is no longer able to enforce its claim by legal means anyhow.

But he can get rid of that article in the old contract stipulating that he would not establish a Hungarian Soros Foundation before 1998.

#### An Irresponsible, Deceitful Agreement

The uncovered networking system makes it clear to me that here we have a case of deliberate collusion between Soros and the Nemeth government. One does not conclude such an irresponsible agreement even in private life, let alone on behalf of the Hungarian Government! That was truly a government of technocrats! Of experts in selling out the country! Let us not follow the practice of the bolshevik-type press by discussing something without first briefing the reader on the subject. Therefore I offer here the full text of the agreement (see box [passage omitted]).

Let us examine this "masterpiece" with pragmatic—excuse me—practical eyes.

The contracting parties are Gyorgy Soros, a private individual, on one side, and the Hungarian state on the other. The Ministry of Culture and Public Education is acting for the Hungarian state.

The contract speaks for itself. Nevertheless, I wish to point out a few connections in it, and then leave the rest to the reader.

In Article 2, Mr. Soros undertakes to increase his support by "about" \$1 million.

Appropriate wording for a precise contract. It is like contracting to supply the ordered product, "presumably" this year, for "about" 100 forints. If the support does not amount to a million, the government cannot complain, because I said it would be "about" \$1 million. A loophole! And there are many more.

The contract does not contain any provisions about how to determine, with complete accuracy and in a manner acceptable to both parties, that the \$1 million is truly \$1 million.

For the case when the support is not in the form of cash, the contract fails to make unambiguously clear for both parties in what specific form may actual "equipment and materials" (Article 3) be brought into the country duty-free (Article 5).

Let us consider an extreme example and examine what rights and obligations the contract stipulates for each party.

Assume that Mr. Soros begins to erect his office building (Article 4), for which he imports \$20 million worth of materials. Because he regards the interpellation as an attack that places in jeopardy his continued activity in Hungary, as well as his capital and personnel, he arms his workers—to add some spice to the example—with automatic rifles and submachine guns, in order to protect the construction materials.

If parallel with the office building's construction he also provides the \$3 million worth of "support"—whether he does or does not is entirely indifferent in the light of the high investment cost—the Hungarian state has to reimburse the forint equivalent of the entire \$20 million. Aladar Dornbach, who is an attorney and should be representing Hungary's interests, provides in REFORM—for the benefit of those who are unfamiliar with the contract's provisions—the following explanation of my contention that all this is possible under the contract: "Mr. Soros himself would have financed entirely with his own capital the \$20 million office building Mr. Zacsek has objected to." And if not, Mr. Dornbach, what would follow from the contract? Even without legal training and the responsibility of serving as deputy speaker of the National Assembly, one can easily see that the example is a valid one, and that the government has assumed an unlimited obligation.

In every large city simultaneously, Soros could build any kind of building, costing as much as \$100 million each, if he so desired. Anyone can figure out what the assumption of \$10 or even \$100 billion obligations could lead to.

And the reader should think through the case of the weapons mentioned in the example.

What is this, if not close teamwork between a former communist government and a penetrating foreign interest? That is why I claim that Mr. Dornbach's office as deputy speaker of the National Assembly is incompatible with his working for Soros!

After all this, it is entirely indifferent whether Mr. Dornbach disqualified himself from the deliberations of the Board of Trustees when it adopted the decision that has been the target of the interpellation. As three members of the seven-man board were absent, we may safely write down the names of the trustees who voted for

granting the unlawful support. They are: Miklos Vasarhelyi, an SZDSZ member of parliament, Kalman Benda, Miklos [as published] Vamos, and Gyorgy Enyedi.

I would be surprised if the listed gentlemen were to issue statements that they "just happened" to be absent from the board meeting when the decision was adopted. Even if merely one of them were to drop out, the board would have lacked a quorum.

Article 6 is also interesting. Let someone figure out its meaning. Among those who send in the correct answer we will raffle off a sum equal to the difference between the real values of 200 million forints in 1998 and 1989, respectively.

At this point the reader might ask us, what method of computation are we using? And what database are we both willing to accept as authentic?

Well, I have at least that many problems with the wording and meaning of "the amount equivalent to the real value of" in Article 6.

The contract creates insoluble and pending situations everywhere. But only if there are disputes and differences of opinion between the two parties, of course. Such disputes and differences were entirely out of question at the time of signing the contract. But now, following the change of political systems, that no longer holds true!

#### 'Contract Merely a Gesture'

What can the government do about the contract? The answer is simple. The government should declare that it regards the contract as null and void, and should refer to the statement made by Laszlo Kardos, the Hungarian director of the Soros Foundation. He said: "The contract that exists between the Soros Foundation and the Hungarian state may be regarded merely as a gesture. We, incidentally, do not intend to demand by legal means the checks that the government has failed to issue."

Before turning to the accounting, let us attempt to defend the Soros Foundation.

Let us do so by quoting Mr. Hanak, so that he will be the one to blame if he got it all wrong: "If the accusation is being made that the Soros Foundation is some sort of imperialist interference that wants to buy universities, then I must say that I heard such reasoning in the worst years of communist rule."

Mr. Hanak could not have heard such thoughts from official policymakers then. The Soros empire was closely integrated with the communist system and was purposefully occupying, buying, enmeshing the strategic positions that are vital to a nation. If he heard the above thoughts from anyone, it must have been from the mouths of persons who had recognized the "conquest" of Hungary then, but were not in a position effectively to oppose it. But now, as a result of the mandates the Hungarian nation has given them, they are in a position to do something about the dual conquest.

And how can the Soros empire now defend itself? By starting to affix labels, and to blackmail anyone who attempts to open the nation's eyes. And that is still the milder method! The Soros empire attempts to make us believe that the present situation, caused by the democratic changes, surpasses even the worst years of communist rule.

#### Altruistic Assistance?

Let us continue with quoting Mr. Hanak: "Those who now attack Gyorgy Soros personally, had accepted his financial support before they gained political power."

This train of thought is interesting because it offers a splendid example of a tactic employed in termite warfare. It is a tactic that the opponent, dazzled by glass beads, recognizes only when the termites have already eaten away his home and it has collapsed.

Of course, it does not become immediately evident whether the "financial support" is altruistic assistance, or will the recipient be reminded of it reproachfully in a given situation, perhaps even years later, in a way that will arouse his sense of guilt.

But in that case we are speaking of bought souls, of sale and purchase, and not about altruism. That is one of the essential weapons in the arsenal of the Soros Foundation's strategy.

Another element in Hanak's thinking is to make false allegations about a person! Those who now are attempting to open the nation's eyes, so that it may be able to see beyond the glass beads and not accept the labels, are not attacking Gyorgy Soros. Instead, if you will, they are defending themselves against Gyorgy Soros's system of foundations and his aggressive policy of conquering territory.

Because we are at home here. I can assure Gyorgy Soros that I will cease to be interested in him if he develops his system of "support and aid" in Somalia! But that is Hungary, and he is being aggressive and demanding here! It is here that he is destroying collectives by affixing labels and pursuing a divide-and-conquer policy. It is here that he is attempting to persuade the nation to believe that the ruling party's members of the parliament are untalented, semi-educated, advocates of a confused ideology, and fascists!

What an unroar and croaking chorus there has been since the interpellation in a seemingly insignificant matter! But it only seems insignificant!

#### Who Benefits?

Hanak once again: "Now that they possess material means, the propagandistic objectives of power politics have prevailed. But let us ask the question who or what benefits from it? The nation's advancement certainly does not."

Which should be interpreted to mean: It is courageous that the nation, having taken over control of its own destiny, now intends to exercise that control.

That intention poses a threat to the Soros-Hanak course, and therefore it must be debased into political propaganda; moreover, into political propaganda that is being directed by fascist members of the parliament. And then an attempt must be made to get people to believe that all this is not conducive to national advancement.

I think that the nation, by waging its fight against the termites, is proceeding on the right path and is also promoting the cause of national advancement.

I believe that in the 1990 elections the nation started off on the right path, toward advancement. Despite being blinded by the light upon stepping from its dark cell into freedom, the nation perceived that the time had arrived for self-determination.

The nation sensed the fatal danger of the "new world" being organized by those who have been attempting to salvage their power, behind the loudest of the rogues crowing anticomunism! This nation cannot elect once again on the basis of its sixth sense. It must open its eyes and see clearly!

#### ACCOUNTING

##### Why Does the Government Not Seek Help From the Nation?

The following questions have long been running through my mind:

1. Did the government act with circumspection and in accordance with the contract when it paid the Soros Foundation's bills?
2. Did it act in like manner when it decided to contribute a historical landmark building in downtown Budapest, worth nearly 500 million forints with its lot, to a university that has been proven above to be nonexistent?
3. What forces could have been set in motion along what lines, to prevent the government from terminating a demonstrably harmful relationship, as fast as the Slovaks have terminated theirs? Could Csurka be right? Is the government truly in such a defenseless situation that it is letting itself be blackmailed? And if it is, why has it not turned to the nation for help?
4. It surely was not that afraid of being labeled fascist and anti-Semitic, although the other side could easily affix those labels to the entire government?
5. Perhaps the government treated the whole question so superficially that it failed to notice it was being swindled?

Using the data for 1989, I will demonstrate how the foundation rendered its accounts.

##### Fishing in Troubled Waters

The chief of the MTAB Secretariat wrote a letter to the Ministry of Culture and Public Education (see box [passage omitted]). In the letter he refers to the contract signed on 15 May 1989, pursuant to which the ministry will reimburse "the forint equivalent of every dollar that the Soros Foundation spent over and above \$3 million."

At the beginning of this article, I listed the Soros empire's organizations in Hungary. Here I must point out that a Soros Foundation existed then only in New York. Here at home there was no Soros Foundation, merely a committee of the one in New York. For that reason, matters pertaining to Soros are rather confusing. How does that saying go? Fishing in troubled waters? In this case he fished successfully.

For instance, we are talking about money spent not by the committee and not here in Hungary, but by the Soros Foundation and anywhere in the world!

We find out from the letter that 60 million forints had been transferred as an advance, immediately after the signing of the 1989 contract.

Was the Hungarian state's money needed so urgently to finance the election campaigns of the SZDSZ and FIDESZ [Alliance of Young Democrats]? Or has Mr. Soros been struggling with financial difficulties since then? This is not the first time someone is playing for us the role of a rich American sugar daddy, with the money of the Hungarian state and Hungarian people!

From the letter we learn that any expense may be included among the accounting items, even "the administrative costs of the foundation in New York" totaling \$418,057.13. At the exchange rate used in the letter, that amounted to 27,404,857.23 forints in 1990.

The pertinent summary account is attached to the letter as Supplement 2. This much was considered sufficient for the government to check within 18 days (!) the accuracy and authenticity of the accounting mailed on 12 March, or to accept it without checking, and to quickly remit by 31 March "in accordance with the contract" the 18,241,832 forints owed.

The 1990 election took place on 25 March and 8 April. The many SZDSZ rogues and FIDESZ orange seedlings were costing a lot of money!

Here we should mention another important event: On 20 March 1990, under serial number 39, the Budapest Court registered the "Hungarian Soros Foundation," listing Gyorgy Soros, Miklos Vasarhelyi and Alajos Dornbach as the foundation's officers. Vasarhelyi and Dornbach were running in the election as SZDSZ candidates for parliament, but won seats only on the national list.

To make the accounting seem accurate and honest, and to show that there had been a preceding stage in which the two sides had attempted to mutually reconcile the figures, a number of items totaling \$127,500.00 or 8,357,994.75 forints was deducted as grants "to noncultural organizations."

Of the 64 organizations listed in Supplement 3, 13 received two kinds of equipment, the others got merely one kind each, but FIDESZ—remember, we are before elections (!)—received \$45,000 worth of equipment. As can be seen from the attached list of supported organizations, the FIDESZ locals were supported separately.

The MDF, the Christian Democratic Party, and the Smallholders are not to be found as political parties among the 64 organizations supported by Soros. MDF HIRLEVEL is merely the exception that proves the rule. The supplement shows how the new power structure, to be presented as democratic and anticommunist, was being built and readied. Especially remarkable is the thoroughness noticeable on the trade-union front. (Note the role of Pal Forgacs.) Power has fully been retained, with the trade-union membership acting as extras. It will be worthwhile to pay attention to this when the trade-union bill is being enacted, and during the trade-union elections. (See the Monopoly Group's proposal regarding trade-union elections.)

As we continue reading the letter rendering an accounting, in the first sentence on page 2 the chief of the MTAB Secretariat refers to "the objectives specified in the contract." That is an interesting twist! Not one of the sentences indicates what those objectives are.

Missing from the letter is yet another item that should have been deducted from the total: the interest on the 60 million forints advanced.

That is trivial, we might say. Far more than that was lost at Mohacs. Some people are of the opinion that this road, too, leads to Mohacs!

Before a lawyer, however distinguished and closely associated with the foundation, reminds me that, once again, I have been unable to interpret the contract to his liking and, therefore, should have sought legal advice, I wish to state that I will prove all the above assertions. (I would like to note that a document which can be interpreted 100 different ways is not a contract. It is called something else. And that, too, is an important weapon in termite warfare.)

#### Documents?

The rendered accounting consists of one letter and three supplements.

Supplement 1 to the letter, entitled "Soros Contributions by Major...", is a 35-page computer printout of items of expenditure, with codes and abbreviations, in English. There is not a single valid voucher in the whole lot.

Supplement 2 is a one-page, English-language list of the New York office's expenditures in 1989. It was faxed over from the United States on 5 March 1990.

Supplement 3 is entitled "Contributions to Democratic Organizations, in the Form of Office Equipment." Two type-written pages, in Hungarian. [passage omitted]

From here on I will dwell only on Supplement 1.

My findings are as follows:

1. Supplement 1 is full of items of expenditure lumped together in such a way that it is impossible to determine who the payees were.
2. There are numerous items of expenditure that should not have been charged to 1989.

3. A significant proportion of the payments did not end up in Hungary.

4. The material is unsuitable for accounting purposes.

5. Sums spent on supporting bolshevik-liberal opposition politicians on the political scene are also included. Outside that circle, I have not found in the supplement any politicians who now belong to the governing party.

6. The Hungarian Government has never owed the Soros Foundation a single penny!

Pick a few examples from the accounting, and it can be proven that the rendered accounting is unsuitable and cannot be accepted by the government as the basis for disbursing even a single forint.

These are just a few of the questioned items of expenditure, not their complete list. But they are sufficient for anyone to gain some idea of how the Soros Foundation renders an accounting to the government.

Allow me to humbly ask the following question: Why, for instance, should the Hungarian budget pay for the dinner of Janos Kis, the SZDSZ party leader? Did it qualify as a cultural grant because he had to eat with knife and fork?

#### Accounting Does Not Tally

I wish to call to the attention of the financial administration and of the entire government the fact that the accounting with the Soros Foundation does not tally, because the claim is not a valid one and there is no contract that obligates the government to pay. In the 1990 state budget's report balance of revenue and expenditure, which was submitted to parliament and approved by it in 1991, there was not a single line, oral explanation, or indication that the government owed the Soros Foundation even a penny from a pending contractual relationship. The government paid out the 80 million forints parliament had appropriated for that year.

The 1991 state budget's report balance of revenue and expenditure states that 80 million forints was transferred, and appropriation was lacking for 40 million forints. The figures are wrong, because 85 million forints was transferred in 1991. (Here we must not bother about such minor discrepancies as the fact that in 1989 the Nemeth government concluded a contract with the MTAB, and not with the Hungarian Soros Foundation that was registered in March of 1990.)

There were four transfers of 21,250,000 forints each, on 21 March, 10 April, 19 June, and 26 August 1991, respectively.

The parliament has not yet decided what to do about the reported amount for which appropriation was lacking. That amount, according to the figures presented above, is actually 35 million forints but cannot be verified.

I fail to understand the need to conclude a new contract now. But what I really do not understand is this: From where has the government obtained authority to settle a

financial obligation by giving in exchange real-estate property whose value can arguably be determined?

It would do no harm to conduct a thorough investigation into this matter and also determine who is responsible. For if every line in the annual budget's balance report of revenue and expenditure was audited this way, the report is useless.

I wish to commend to the government's attention, as an example to be followed, the Slovak Government's course of action in the so-called European Television case.

#### HOW THE SOROS EMPIRE OPERATES

How does the Soros empire's developed power structure operate? By occupying key positions and using them in accordance with the empire's own objectives.

And the main objective, in Gyorgy Soros's own words, is "to open up closed societies." But Soros's "closed societies" should be interpreted to mean systems based on national values and traditions, on ethnic characteristics.

Every fiber of attachment to the nation must be destroyed, while making it seem that the exact opposite is taking place!

Therefore, occupation of the universities is indispensable to the Soros empire; in order to permeate instruction with, for instance, the Central European idea that Hanak presents as historical, but which actually is rootless; and then to be able to rewrite the history of those peoples in that spirit.

To be able to say, and even to teach, that folk art is primitive and those who cling to such values are country bumpkins!

The most important tools for all this are television, radio, the newspapers and all the other print media that present all this destruction in the guise of science (but it actually has no scientific foundation whatsoever).

That is why the Hungarian Academy of Sciences and its various institutions are so important to the Soros empire. The advocates of cosmopolitanism and internationalists—to avoid the accusation of anti-Semitism, I am refraining from writing that they are predominantly communist Jews—occupy the top posts.

Suitable persons join the system by the method of purposeful selection. Among them there may be individuals who at first do not even realize that they are being used as tools.

When they do realize it, they might want to break away. But then they would lose their power and the support they had been receiving, and they would be discredited if it were revealed to their friends and to the general public that they had been receiving support.

All the media capable of shaping public opinion are needed for this, as well as a few well-placed articles in them full of labels of anti-Semitism and fascism.

That is why it can happen that the film of Imre Nagy's trial is not shown on television. Because it might provide

documentary proof that, for instance, the picture of Miklos Vasarhely (he is now a member of the parliament and also a deputy chairman of the Soros Foundation) depicting him in the election campaign as a Communist persecuted by Communists is false. Everyone would see how he, in contrast to Imre Nagy, took the oath of allegiance to the socialist system. Taking an oath is not treated lightly. Nor is breaking one's oath.

#### We Are Being Misled

How can all this be concealed from the public?

By having Elemer Hankiss, the president of Hungarian TV and a former deputy chairman of the Soros Foundation's board of trustees, refuse to permit the film's inclusion in the program!

By fighting tooth and nail for the media, the control of which must not be relinquished!

By having a president of the republic in place who is willing to defend his team's standpoint, even by violating the Constitution and assuming a political role if necessary.

And should the president need help to do so, there is the Constitutional Court set up by Kalman Kulcsar, the former justice minister and the Soros Foundation's cochairman at the time (see box [passage omitted]). That is why Miklos Haraszti dares to laugh in the nation's face when Hungarian TV, Hungarian Radio, or the media bills are brought up.

And that is why the two media presidents are able to change their respective programming policies, in order to gradually squeeze out and discredit popular culture that is based on national and Christian values.

All this is accomplished by using a stable of lecturers who can be introduced to the audience as first-rate scientists in their fields. Meanwhile, they do not even know how to speak Hungarian correctly. But among the TV and radio reporters who lisp and roll their r's, that is not even noticeable.

#### Americanization

An integral part of the above system is forced Americanization, the appearance of aggressive ads in the media and on city streets. [passage omitted]

Gradually a gigantic billboard fence will surround Budapest, and we will feel like we are in a ghetto. It will asphyxiate us. That is why the Emke could be renamed The Chicago Beer Saloon, despite all the protests.

How nice it sounds. For that reason it will gradually become difficult to find a Hungarian sign along the Great Boulevard. That is how people must be gradually accustomed to not letting even their surroundings remind them of living in Hungary!

The realization of these plans also requires a Gabor Demszky in the Budapest metropolitan mayor's chair. He is a member of the SZDSZ, a beneficiary of the Soros Foundation, and a key member of the vanguard. You

will recall what a radio, TV, and press campaign the cosmopolitans launched to win that position, after the successful parliamentary elections.

Consider the role of Viktor Orban! The Soros Foundation has been pouring money into him for years and is continuing to do so even now. For the reburial of the victims of 1956, an anticommunist speech was written for him to deliver. The public ate it up.

After the election, he was assigned the leading role in discrediting the government in the National Assembly. The theory of a 100-day honeymoon was created for that purpose and sold to the public, with the help of radio and television, in the same distorted form as Mr. Soros's "closed society." Then, on that basis, the Orban program ran in a vulgar manner everywhere, from parliament to TV studio.

A young kid must have found such a career extremely appealing. He is pursuing it with obvious relish. But in the meantime, he forgets one thing: that it is impossible to escape from such a squirrel cage without breaking one's back.

It is already too late for Orban to appear—together with FIDESZ, his party—as someone who espouses national values and subscribes to a system of such values. The Soros empire will not let the money be lost that it has invested in FIDESZ and its prominent members.

It would be a good thing if the university students were to see through what is happening and realize what they have been assisting.

And here, linking up with the comments about occupying key positions at the universities, the Soros circle in higher education has been closed.

#### MTA

Consider the example of the Hungarian Academy of Sciences (MTA). Perhaps it would be more apt to refer to it as the Academy of Sciences in Hungary. It is a hotbed of "cosmopolitanism." In its present form, it has nothing in common with Szechenyi's ideal.

The MTA is the scene of a fierce struggle between counterselected pseudoscientists on the one hand, and advocates of real values on the other hand who are unable to unfold; it is an important bastion of the counterselected during the past 45 years.

The counterselected pseudoscientists are able to preserve their power as long as the MTA's disbursing role—naturally, we are speaking of disbursing money provided by the state budget—and its system of institutions are maintained (see box [passage omitted]).

How does all this fit into the picture I have outlined? Here is an example. You turn on your radio and hear that the MTA Institute of Sociology has conducted a youth survey, university students. Today 95 percent of youths claim that the state, in their opinion, should not interfere in society's life. An assessment is offered to round out this news item, and the radio interview is

laced with frequent references, first to "paternalism" and then to "the present government." The only thing that has to be done now is to remain at the attained level and offer increasingly distorted examples to prove—under the semblance of being scientific—just how antinational Hungary's present government and parliament are.

The young people, if they had been polled at all, are able to establish that this was not the question that had been put to them. And not the one they had answered. But there is nowhere for them to tell their story! The others, who had been included in the poll, but not in forming the 95-percent opinion, wonder whether they are the ones included in that 5 percent. Perhaps 95 percent of the respondents may be asking themselves that question!

Such a program requires the cooperation of Csaba Gombár, the president of Hungarian Radio, who is also a member of the Soros Foundation's board of trustees. As an integral and initiated element of that system, he will find a time slot to broadcast that program.

Moreover, confident in the power of the system itself, members of the Soros empire's elite may even allow themselves to slam the door in the face of the National Assembly's Cultural Committee. In America, under similar circumstances—since the cosmopolitans like to draw their examples from there—the police would bring him in handcuffs before the congressional committee. And would that mean there is no democracy in America?

#### Arm in Arm

The empire we call the Soros empire did not develop in Hungary today. Work on building it has been in progress since the beginning of 1980—not directed against the communist system, of course, but arm in arm with it, in close mutual interdependence.

Naturally, the world of banking also belongs there. It is another salon, one that the government has already tackled by removing Gyorgy Suranyi. He was the pupil and successor of Janos Fekete, who allegedly has become an Israeli citizen since then. What a cosmopolitan uproar ensued!

When the construction of the Soros empire began, Kalman Kulcsar was the deputy secretary general of the MTA. His active cooperation and helping hand were rewarded by making him cochairman of the Soros Foundation even while he was serving as justice minister.

There was likewise no problem when Ivan T. Berend became the secretary general of the MTA. He too was a reliable link, because of his origin if for no other reason: i.e., they both were members of the MSZMP Central Committee. How could they have been on bad terms with the former political system?

#### A Failed, Self-Staged Cosmopolitan Coup

The examples presented above are sufficient to formulate the assumption that the change of political systems started out as a deliberately planned and devised, "cosmopolitan," self-staged coup that failed mostly

through an accident of history, because the nation's real desire for freedom was much stronger than had been estimated.

It turned into an actual change of political systems, with an understandably aggressive opposition that had lost power. That is the main reason for the crude, vituperative style in the parliament that is a natural concomitant of the bolshevik policy of exclusion.

That is why everyone must speak out boldly, in order to protect from being stamped out that fragile embryo of democracy conceived in an aggressive environment.

The greatest danger is from demagogic incitement to dissatisfaction, through which it is easy to manipulate after having brought this country to ruin.

#### New Sociopolitical Realignment

As a result of the preparations within the MSZMP, it split into three wings: a nationalist wing, a wing with cosmopolitan bias, and an extreme leftist, bolshevik wing.

The nationalist wing led by Imre Pozsgay was the weakest and has withered away since. It either merged into the various new organizations that appeared in the course of society's new articulation, or withdrew from the political scene.

There remained the extreme-left wing in the form of the MSZMP, and the cosmopolitan wing, partly as reform communists in the MSZP [Hungarian Socialist Party] and partly in the SZDSZ.

Into the formula entered the youths who called the tune within FIDESZ and were closely linked to the producers of the self-staged coup, at least through family ties (*Fathers and Sons*).

The Soros Foundation was an important source and means of preparing for the transformation. The previous power structure was complete master of the media and therefore was always able to shape "national opinion" to suit its own strategic objectives. What was needed here was a small but very influential team that controlled the decisive positions of power. Such a team was at hand.

Indeed, it may also be assumed that even a backup team was ready. Four persons had been expelled from the party in due time. Zoltan Kiraly was one of them.

They began to run Zoltan Kiraly as an independent and even gave him a seat in their parliament as a member of the opposition. (Here some people might object that Kiraly was elected. Yes, but the election had been well prepared. As anglers would say, a catch is certain after feeding!)

Meanwhile, Zoltan Kiraly "drifted" toward the MDF, but never joined. Because he needed to be both an independent and an MDF sympathizer.

At the same time—and on Soros' money, of course—he was preparing for his new role. That of President of the Republic!

When the question arose of who should be President of the Republic, Zoltan Kiraly offered his services to the nation. But he was unable to win the MDF's support, although in exchange for that support he had promised to join the MDF, and then to resign if necessary. Quasi as a demonstration of his affiliation. Fortunately, many people saw already then what his real affiliation was.

#### Concluding Reflections

Mr. Soros writes in his book that he would have regarded as too narrow in scope the pursuit of merely his own interests.

Therefore he is now exerting effort to pursue the interests of others.

But whose interests does he wish to pursue in Hungary, Ukraine, Romania, Slovakia, China, and Albania?

What are the interests that, nourished from the same source, ought to flourish in all the mentioned countries?

The one thing he should not say is that he is "working on opening up closed societies," because we have already seen what that means in Hungary's case.

After all this, of course, it is not surprising that he has been expelled from Romania and Slovakia, and perhaps he will not wait for the same thing to happen in Hungary as well.

No, Mr. Soros. You are not working on opening up closed societies, but on gaining the positions of power in closed societies. The building you are erecting is rising nicely. But there has intervened here in Hungary, independently of you and your entire team's activity, a Hungarian—and I wish to emphasize that it is Hungarian—democracy, albeit a weak one for the time being. That has made your building a torso, like the unfinished construction project in Bicske.

You had no problems with the communist power structure, because you were closely integrated with the bolshevik system. Together with the Nemeth government, you nearly succeeded in passing the entire country into your own hands.

But the Hungarian people were wise. Although they did not see, they sensed that the nest-builders were migratory birds; and that if they supported those birds, sooner or later only soiled empty nests would remain instead of the fatherland.

For the above reasons, it is not entirely indifferent from the viewpoint of the nation's, the fatherland's future how the war for the media develops. The media must be taken out of cosmopolitan hands and placed in Hungarian hands. Failure to do so would lead to perpetuation of the present conditions, hampering efforts to put the nation back on his feet, to curb the training of world proletarians, and to restore a wholesome sense of national awareness.

Today everyone in this country must realize that.

It is necessary to recognize the termite's invisible, destructive work. It is invisible because it has been deliberately concealed.

To recognize also the cosmopolitan-liberal-communist ideological content of the attack that is now being waged against the nation.

Furthermore, that the opposition is unified, despite its articulation.

The opposition is unified in its objective: to retain power, and even to regain the power it lost in the course of the failed, self-staged coup.

The task confronting the Hungarian nation is not to yield an inch from all this. [passage omitted]

The Hungarian nation must not allow itself to be misled. Instead, it must fight bravely to defend or regain its Hungarianness. Once again since St. Stephen's time, the nation must be able to be truly Hungarian here in Hungary.

It should not fear labels, because they exist only as long as we believe them.

The more of us who succeed in shedding our fear of wearing labels, the less effective they will become.

Instead of excluding them, those who espouse cosmopolitan-liberal-communist views must be suppressed, to an extent that will preserve our Hungarianness for the next millennium as well.

So that the Emke may remain the Emke, glass beads may not be peddled successfully, and gold rings be truly made of gold!

#### Zacsek Letter to Soros

93CH0010B Budapest MAGYAR FORUM  
in Hungarian 3 Sep 92 p 16

[Letter by Gyula Zacsek, National Assembly representative and member of the Hungarian Democratic Forum, to Gyorgy Soros: "Open Letter to Gyorgy Soros"]

[Text] Mr. Gyorgy Soros!

I have had the good fortune never to have met you in my life. I have likewise been fortunate in never having been in need of your money, which to me would always have been Judas money. I am writing to you nevertheless, because courtesy so requires.

Don't worry, my style will not be rude. For the time being, I do not wish to call you a fascist, semieducated, or an advocate of a confused ideology; the way that is customary in your company and what you have called me. I am neither a silent—i.e., bought—nor a general partner of your company. Not even a sympathizer. That has to be placed on record at the beginning of this letter.

Well, courtesy requires an answer to your second message. The first message, on 168 Ora (23 June 1992), only served to convince me that I have to bone up on you and your affairs, as you have assigned me so many tasks in that interview. Your second message appeared in the 20

July 1992 issue of MAGYAR HIRLAP and ran a full page. But it contained so many lies, insinuations, and obfuscations that the environmental-protection people could easily have ordered a smog alert because of it.

I am aware that you are a Jew, and I respect that you proudly profess to being one. (1) But I fail to understand what a Jewish Hungarian means. (2) Just as I would not understand what it could mean if someone were to call himself a German-Hungarian, or Vietnamese-Hungarian, or Spanish-German. Unless a talking dictionary happens to be the subject of discussion!

But we were not taught these things under the communist system. If I understand your terminology correctly, then I am a Hungarian-Hungarian!

However, you should be aware that I on my part do not intend to proudly wear the label you have attached to me. For I have nothing to do with fascism. And the same can be said of my family. We have been neither for nor against fascism. I was not born a fascist—only you would like to see me as one. I have never recruited anyone for "unpaid voluntary work," to build Jewish prison camps in Hungary, modeled on the ones for Palestinians.

I am also aware that you "can stay here as a foreigner, as long as you are tolerated." Well, to be quite frank, I would like to see the nation regard as proper that, under the present conditions, you should not be a tolerated intruder in our country.

Do not demand anything if you wish to give. Do not donate milk under the Soros logo to schoolchildren, and at the same time attach a postal money-order form for payment. At least not in Hungary. Believe me, this country is not forced to rely on your money!

You write that "it has been difficult to find a cause worthy of support." Let me help you. Allegedly people are dying in some African countries today at a rate of one every minute. A tragedy! Every other child! Horrible!

Mr. Soros, take your money and charity to them. Those whom you have supported, and would like to support in the future, will certainly be willing to renounce your support in favor of the starving. Nobody is dying of starvation here, Mr. Soros! In a Hungarian democracy built on Christian values, there is that much Christian self-denial in the people! I wish you to gain love in Africa. But may I suggest that you leave the postal money-order forms behind when you take your donations there.

However, you could tell the destitute there that the Hungarian people have renounced your donations intended for themselves, in their favor. I mean that seriously.

Budapest, 3 September 1992. Signed: Gyula Zacsek, member of parliament

**Soros Letter to Antall**

93CH0010C Budapest NEPSZABADSAG in Hungarian  
15 Sep 92 p 6

[Letter from Soros Foundation head Gyorgy Soros to Prime Minister Jozsef Antall; dated New York, 14 September 1992: "Gyorgy Soros's Letter to Joseph Antall"]

[Text] Dear Sir:

In recent months there has been a series of attacks against my person and the foundation I established in Hungary. The articles have appeared mostly in MAGYAR FORUM, the newspaper of the vice president of the MDF. Their authors are not private individuals, but members of the parliament belonging to the MDF. One of them is the vice president of the governing party.

If the attacks were merely abuse and libel against me, I would not find it necessary to turn to you. My intentions and actions are open to world scrutiny, and it is not the government's duty to defend me. But there is much more at stake here.

The libel that leading members of your party are publishing against me is not just any ordinary libel. It alleges that I am a participant in an international conspiracy against Hungary, the web of which is being spun in Israel. The participants in this conspiracy are supposed to be the Jews of this world, Hungarian Jews, financial circles, liberals, communists, and cosmopolitan Masons. The purpose is allegedly to eradicate the national awareness of the Hungarian people, and, in so doing, place the country under foreign domination. Allow me to cite quotations to prove that such hair-raising allegations have really been made.

"Gyorgy Soros, too, is toying with the idea of leaving," writes Istvan Csurka in the 9 July 1992 issue of MAGYAR FORUM. "But let no one be fooled. If he does leave, he will do so not because the anti-Semitic Hungarian extreme right has offended him... but because official policy in Jerusalem has changed."

"Termites Are Eating the Nation; Reflections on the Soros Course and the Soros Empire" is the headline of an article Mr. Gyula Zacsek wrote against me (MAGYAR FORUM, 3 September 1992). Mr. Zacsek starts out by saying: "The use of the following bundle of concepts is unavoidable: communism, liberalism, cosmopolitanism and anti-Semitism." And further on: "One cannot sidestep the joint role of communism and Jews in the power aspirations in Hungary." At the end of the article, in an open letter addressed to me, Mr. Zacsek clearly states that he regards Jews as elements foreign to Hungarians: "I am aware that you are a Jew, and I respect that you proudly profess to being one. But I fail to understand what a Jewish Hungarian means. Just as I would not understand what it could mean if someone were to say that he is a German-Hungarian, or Vietnamese-Hungarian, or Spanish-German. Unless a talking dictionary happens to be the subject of discussion!"

According to Mr. Zacsek, "...the change of political systems started out as a deliberately planned and devised, cosmopolitan, self-staged coup...." In other words, the communist leadership was cosmopolitan, its opposition likewise, and the cosmopolitans—the communists and liberals—joined forces to salvage their own, joint power. Elsewhere Mr. Zacsek writes: "The Soros Foundation was an important source and means of preparing for the transformation."

According to Mr. Zacsek, a member of the parliament, the fundamental idea behind Eastern European University, which I founded, is the following: "And the time has now come for the peoples of this region to have a common mentality once again. Exactly what also the communist catechism teachers kept telling us ... if it cannot be achieved through two-week courses, then let us try a one-year curriculum. And if it cannot be achieved even that way, then in the end the tanks will roll in once again."

Toward the end of his article Gyula Zacsek writes this about me: "After all this, of course, it is not surprising that he has been expelled from Romania and Slovakia, and perhaps he will not wait for the same thing to happen in Hungary as well." He is misinformed: I was not expelled from either Romania or Slovakia, and there were no legal grounds for that to have happened. But the nationalist press in both countries did attack me savagely, as a Hungarian agent.

I can but regret that Mr. Zacsek enthuses without reservation about the attack that the Slovak and Romanian nationalists launched against me (and through me, against all Hungarians). But it is no accident that the populist-nationalist course in all three countries is treating me as an enemy. My foundations serve the cause of open society, world culture and civilization; but they want to create a closed society, in the spirit of their populist-nationalist ideology. The success of that effort requires an enemy first of all. If no enemy exists, one has to be created. That is a very dangerous process. We know how far that can lead from our experience of Nazi times, and now we can see the same thing happening again in Yugoslavia. That is why I am taking the attacks seriously, despite the fact that their tone and content are below humane standards. I am being vilified in Romania and Slovakia as a Hungarian agent, and in Hungary as a Jew and cosmopolitan. I proudly acknowledge all three attributes, but sharply oppose the ideology that is attacking me because of them.

I am aware that on one occasion a representative of the Ministry of Culture and Public Education has distanced himself from those manifestations. But it seems that it was not enough, because the attacks have not ceased since then. I would like to know what the official standpoint of the government and of the MDF is. I need to know it because the activity of my foundation brings me into contact with the state at many points, and therefore I wish to know what to expect. I would be immensely gratified to receive from you reassuring answers to the following questions.

1. Do you regard as acceptable the statement that a "Hungarian Jew" can only be a "talking dictionary," i.e., that a Jew is foreign to Hungarians?
2. Do you regard as acceptable the allegation made by Istvan Csurka, the vice president of the MDF, that the Jews of this world and Hungarian Jews are participating in an anti-Hungarian international conspiracy?
3. Is the allegation acceptable that the Soros Foundation is a participant in such a conspiracy, and that the purpose of its activity is to help communists and Jews preserve their power?
4. Do you regard as acceptable that a member of the parliament belonging to your party has warned me not to wait to be expelled, but to leave the country voluntarily?

I have never sought recognition and am not seeking it now. Concern for an open society and Hungarian democracy have inspired me to turn to you. I regret to have to bother you in this matter. Since it is a matter of public interest, I intend to make public both my letter and your reply.

I remain, respectfully yours, George Soros

#### **Antall's Reply to Soros**

*93CH0010D Budapest UJ MAGYARORSZAGM  
in Hungarian 1 Oct 92 p 3*

[Undated letter from Prime Minister Jozsef Antall to Gyorgy Soros: "Jozsef Antall's Letter to Gyorgy Soros"]

[Text] Mr. Gyorgy Soros, Chairman of the Board of Trustees, Soros Foundation, New York

Dear Sir:

Your letter addressed to me arrived here by telefax at 1640 on 14 September. In it you quote from writings that appeared in the weekly MAGYAR FORUM, and raise several questions to which you request "reassuring" answers. You also inform me that "as it is a matter of public interest, I intend to make public both my letter and your reply."

I am truly amazed that a letter that arrived at the time indicated above was presented the same evening on Hungarian Television, and was published in full in the 15 September issue of NEPSZABADSAG. Publication without waiting for my reply clearly indicates that you, Mr. Chairman, have not initiated an exchange of correspondence, but have written an "open letter" that is in the nature of a press release or newspaper article. Which would free me of the obligation to reply, according to the proprieties of correspondence.

In my reply I am able to inform you that, in a press release, the governing bodies of the Hungarian Democratic Forum have taken a position on some of the questions you have raised. Furthermore, that in a speech before the parliament on 31 August 1992 and in a policy analysis, I as prime minister and MDF president have already referred to the questions, with which neither the government nor I identify. At the meeting of the party

caucus on 2 September, the parliamentary caucus of the MDF accepted and approved in every respect my position, which I had outlined in parliament.

The meeting of the Council of Ministers on 3 September approved the text of a statement that clearly spells out the government's stand. That statement has also been published in the press.

As you too have mentioned, the Ministry of Culture and Public Education has issued a statement in conjunction with the Soros Foundation's activity, and has concluded a contract for the future.

Mr. Istvan Csurka, member of the parliament—aside from the fact that actually he is only one of the six vice presidents under the party's executive president—wrote that article in his own name, and it is common knowledge that he had not submitted the text to the MDF presidium for approval before publication.

And Mr. Gyula Zacsek specifically emphasizes at the beginning of his article that "I am presenting my personal opinion as an member of the parliament and member of the MDF. Therefore it does not follow that parliament as a whole and the entire MDF share my opinion!"

In view of the above statements and facts, Mr. Chairman, I am truly amazed that you put questions to Hungary's prime minister and demand a reply. I hardly believe that the head of state or head of government in any country would find such procedure acceptable.

Legislators in every country are personally responsible for statements they make in their own name, and our members of the parliament—as indicated above—have assumed full responsibility for their statements. For that very reason I, as the addressee of your letter, am of the opinion that the procedure and method you have chosen are out of proportion to the gravity of your complaint. But I have spoken unambiguously in parliament about what is indeed "a matter of public interest" in your letter, and we have also issued a separate statement about it, as I have mentioned above.

In conclusion I would like to note that you, Mr. Chairman, had the opportunity to become acquainted with my opinion relating to your questions, as well as with my political views, when we were still in the opposition and first met in Obuda, at the invitation of Zoltan Biro, the former president of the MDF. And also on another occasion thereafter. Threfore your questions can hardly be regarded as a personal inquiry.

Yours truly, Jozsef Antall

#### **'Austro-Hungarian Confederacy' Advocated**

*92CH0960A Budapest KOZTARSASAG in Hungarian  
4 Sep 92 pp 38-39*

[Article by Tibor Meray: "Austro-Hungarian Confederacy (Once More, on the Same Subject)"]

[Text] In Issue No. 2 of 24 April of KOZTARSASAG I attempted to sketch my idea, and support it with a few

arguments, that it would be good if Hungarian diplomacy informed itself about the possibility of an Austro-Hungarian confederacy. I mentioned factors facilitating that possibility: There is no territorial and minority conflict between Austria and Hungary; the two countries are connected by links of several centuries; the two nations know each other well, each other's virtues as well as each other's faults. Following the international definition, the confederation would be a "loose association" and would not in the least mean giving up national sovereignty. At the same time, this association of 17 million people could be the first step and the accelerator of a confederation of 40 million people in Middle Europe, provided Croatia, Slovenia, and the Czech and Slovak Republics join in. I did not try to hide the difficulties, either, especially that the creation of the confederation would entail a financial sacrifice primarily for Austria, for which, however, they would be richly repaid both in economic and political terms.

As far as I know, only one spontaneous reply arrived to my proposal, which I intended as a basis for discussion, written by Istvan Csicsery-Ronay. That outstanding figure of the Hungarian resistance to the Nazis, of the Smallholders' Party after 1945, and of the Hungarians in the West, said that my idea was so simple and ingenious, that it was surprising no one else thought of it earlier. He supported the idea of a confederation with an array of arguments saying, among other things, that it could almost certainly count on the support of current French foreign policy (KOZTARSASAG No. 6, 1992).

Before my idea is completely consigned to oblivion in the absence of other candidates, I will try to second my own motion. Or rather, more exactly, name a few phenomena—facts, events, statements—which, since the time my article appeared, i.e., since April of this year, seem to confirm that my plan is not just a pipe dream, and that it has real value, especially from a Hungarian point of view.

1. In my article I expressed reservations that it would be a mistake to attach exaggerated hopes to the formation of the so-called Visegrad Three, which, in theory, is definitely proper and nice. Since then, in the middle of August, Czech Prime Minister Vaclav Klaus visited Hungary. The fact that this was the first official foreign visit by that excellent politician of European stature was really flattering to the new Hungary. But while the Hungarian prime minister emphasized that Hungary regards the Visegrad trio a "political club" enabling the members to coordinate their policies (UJ MAGYARORSZAG, 18 August 1992), Klaus, in his well-known outspoken manner, talking about the impending separation of the Czech and Slovak Republics, ironically talked about the "Visegrad Three and a Half," and "expressed his doubts that regional solidarity really existed" in the population of those countries. The super-realistic Czech prime minister also pointed to the danger that frequent references to the Visegrad Three could give a pretext to the authorities of the Common Market "to lock the three countries into a passive state of associated

membership for good" (namely, the Czech Republic or Hungary would have to wait until Slovakia and Poland could also fulfill the conditions of membership in the Common Market).

This clear talk could only have the effect of cold water on those who do not pay appropriate attention to the world press. Two months before Klaus's visit to Budapest, LE MONDE of Paris wrote in its 21-22 June issue: "Vaclav Klaus does not miss an opportunity to stress that Poland and Hungary lag behind, and he does not intend to be bothered by the 'Visegrad triangle' and cool his heels in the waiting-rooms together with those two countries; when he is rid of the Slovakian burden, he will feel free to join the West."

Who could blame the Czech prime minister for considering Czech interests above all others? He deserves special thanks for not mincing words, not feeding us and the Poles promises, and for openly stating that his aim is to outstrip Hungary and Poland. But is it not our duty—if possible—not to let ourselves be outstripped? And beyond our own internal economic and political efforts, the more and more urgent elaboration of an Austro-Hungarian confederation would provide not a small help in that matter.

2. In my article I emphasized that such a confederation would make the protection of the three million Hungarians living outside our borders much more effective in various international assemblies, for not only the Hungarian Government would stand up for them, which can be labeled interested and biased, but Austria-Hungary. Moreover, the confederation with its blossoming economy, political freedoms, and Western connections could act as a magnet to Transylvania, Vojvodina, and Slovakia, which are parts of the region. After a while its attraction could perhaps even surpass that of local Romanian, Serbian and Slovakian nationalism. What can be called with a single word Trianon has already been given a strong blow by the peaceful separation of Czechoslovakia and the bloody separation of Yugoslavia; however, that would only be the beginning of what an Austro-Hungarian, and later an Austro-Hungarian-Czech-Slovak-Croatian confederation would mean.

In the area of the rights of minorities an event of extraordinary magnitude took place in relation to Austria. On 12 June 1992 Austria and Italy declared in mutual agreement that the so-called dispute of South Tirol was closed.

After the first world war Italy robbed Austria of South Tirol, which had a majority population of Austrians, in the same unjust way in which Romania, Czechoslovakia and Yugoslavia robbed areas with a Hungarian majority from us. At the end of the World War II, Austria tried to utilize the fact the Italy was Hitler's major ally; it tried to make itself accepted as Hitler's major victim, and demanded a referendum in South Tirol. The victorious powers dismissed that demand in 1946, but at the same time the foreign ministers of the two countries signed a

treaty in Paris guaranteeing the rights of people with a German mother tongue and the region's autonomy. In 1969 Italy declared that it believed it complied with every point of the treaty, but Austria did not accept that. Another 23 years had to pass (more than 70 years since the World War I!) before Austria and the People's Party of the Austrians of South Tirol would announce that they were satisfied with the situation of those with a German mother tongue. According to the new agreement (let us note this fact!) Italy recognizes that Austria is the patron of the Austrians in South Tirol and in every possible conflict (what an interference in Italy's internal matters!) the International Court in the Hague has jurisdiction.

Austrian Foreign Minister Alois Mock called the Austro-Italian agreement a "milestone" in the history of Europe and "a pattern for other countries." We know that as far as human and minority rights are concerned, Romania, Small-Yugoslavia, and even Slovakia, are not Italy. Still, this new event, this Austrian success crowning more than 70 years of patience and determination, is not only a ray of hope for us, but also an impetus: What the support of Austria could mean to us in an Austro-Hungarian confederation!

3. I began my April article with the words: We should utilize the exceptional and almost accidental circumstance that until the end of 1992, Austria and Hungary are both members of the UN Security Council. We should try to facilitate the two countries coming forward with joint proposals, thus introducing the concept of Austria-Hungary, even if only symbolically, to international politics, the international press, and the international consciousness.

Now then, on 14 August in connection with the situation in the former Yugoslavia, the Security Council accepted two resolutions. Resolution No. 770 (with 12 votes in favor and three abstentions) authorized "every necessary measure" to ensure humanitarian aid to Bosnia-Hercegovina. Parallel to that resolution, Resolution 771 unanimously condemns "ethnic cleansing." The text of Resolution 771 was jointly submitted by Austria and Hungary.

I don't know, I have no idea if my April article had anything to do with that joint step. I believe it all the less because neither I, nor the editorial office of KOZTAR-SASAG received the slightest indication that anyone on Bem Quay so much as read my proposal. If they read it and utilized it, it makes me happy. If they thought of a joint step together with Austria by themselves, that makes me just as happy. And I wholeheartedly wish that such action would receive international approval, and that diplomatic success would be followed by others.

The cause of Hungary, the cause of Hungarians within and outside the borders, cannot be served by hot air, whining, and constant self-pity—only by cool calculation, passionate steadfastness, initiative, and an imaginative and planned resoluteness, which includes quick improvisations at the spur of the moment.

### Compensation: Problems, Disputes, Slow Process

92CH0960A Budapest TALLOZO in Hungarian  
27 Aug 92 pp 1,670-1,671

[Article by Geza Balogh: "Stalemate at Pocspetri"—reprinted from KELET-MAGYARORSZAG 21 August 1992; page not given]

[Text] During these months, the Hungarian countryside has been the scene of passionate disputes. In many places a peaceful agreement has been reached about the land designated for compensation, but a large number of municipalities did not manage to sort out the matter up to this day.

Tempers usually flare in four localities: in the mayoral offices, in the cooperatives, in the compensation offices, and in the local organizations of the Smallholders' Party.

It was the latter organization, namely Ferenc Hovanyi, county first secretary of the Smallholders' Party, who drew our attention to the discussion in Pocspetri, adding that this case could very well be the proverbial horse of veterinarians, which demonstrates every possible disease, applied to the issue of compensation in Hungary.

#### "This Village Was Misled..."

In the county headquarters of the Smallholders' Party, 10 prospective farmers are waiting for the journalist and for an occasion to pour out their hearts. First they are reluctant to let their names be used, but Ferenc Hovanyi convinces them: Why should they be secretive, when everyone at home knows what they think about the way compensation was handled?

Thus, Gyula Herczku, Mrs. Sandor Pap, Miklos Sitku, Mrs. Sandor Acs, and Judit Danka let themselves be persuaded, and begin to list their grievances.

"This village was misled," they claim. "Because information was lacking, many people registered their claims not with the compensation office, but with the local cooperative. The deadline expired on 16 December of last year, and so about 150 people were left out in the cold. The village will not let this pass without a word; if necessary, we will sue those who are responsible. Because by now we are fed up with the fact that this village has always been led by the nose."

#### The Ancestral Plot

The Pocspetri people are pouring out complaints, and soon we are on another sore point, the work of the arbitration forum. Many people were not satisfied with its composition, but this complaint is dwarfed by the final result of the arbitration. Because they would have none of it.

"The cooperative wants to keep every better plot of land, and wants to put us off with worthless plots," they say, and show me a pile of protocols, protests, and appeals.

Only a lawyer could find his way in the mass of papers, but after going through them carefully, one can get an overall picture of the arbitration forum's activity. Since

the winter, negotiations upon negotiations were held, new members have replaced others, but the points of view have not become closer at all. Four people insist on the original idea in which the cooperative wants to designate the fields Nyires and Csere for compensation. However, those waiting for compensation do not agree; they want the fields "Ujfalukert-Halomhata," or "Varoshegy-Vagyos," because those are the ones which count as the ancestral plots, and they are of a better quality than the previous ones. In turn, the representative of the cooperative would have none of that, saying that if the land they demanded were given back, it would break up the block where the partial owners—who own the greater part of the portion in private ownership—wish to continue collective farming.

This was a perfect stalemate.

After two weeks the arbitration forum met again. The cooperative modified its proposal somewhat, but the people waiting for compensation still did not accept it, because the cooperative wanted to put them on the property of a former local landowner, and what would happen if one of the heirs laid claim to that piece of land, as well?

After a while another round of negotiations followed; the names of newer and newer farm roads were put on the list, but an agreement could still not be reached.

"To tell you the truth, we were beginning to be really tired of it, and were afraid of running out of time. We were inclined to compromise, but when the village learned about that, they threatened to beat us up...; that they cannot trust us any more either," said Miklos Sitku, secretary of the Pocspetri organization of the Smallholders' Party, who participated in the work of the forum all along. "So, I had to listen to them, and of course, to my own conscience."

#### Appeal With 70 Signatures

Thus, the forum's decision was appealed, signed by more than 70 people. This document contains the following, among other things: "The composition of the forum does not reflect the interests of the inhabitants of the village....

The village cannot accept the designated plots, because they do not contain any former property of the farmers. We cannot accept land that is someone else's property. The people waiting for compensation were protesting from the beginning that their opinion and feelings were being ignored while their leaders, exploiting their advantageous positions, took possession of the best areas, and restricted us in our most basic rights."

The president of the forum was Jozsef Somos, mayor of the village, who is defended by many, and attacked by many. Of course we asked him, as well, about the events and the developments.

"Indeed, we made one great mistake: When we determined the lots, we did not take the present lines of cultivation into account," he said. "Since then, I have consulted the representatives of the cooperative several times, and we worked out a proposal that can, hopefully, be accepted by everyone. Instead of the sandy area that the future farmers objected to, we are proposing a field of better quality. We hope that this will be acceptable, and that the passions will die down."

This is what we hope, as well, but the perturbing question remains: Is it conceivable that many people registered their claims with the wrong authority? Gabor Molnar, deputy director of the county compensation office, replies:

"Unfortunately, it is. A large number of cooperatives informed the simple people incorrectly. They suggested, for instance, that the partial owners not register their claims. Fortunately, we can still accept supplementary applications, as I have told the people in Pocspetri, as well. Thus, I can say, they should hurry up. They have not yet lost every opportunity."

Here, we could end the story. But the chronicler cannot keep himself from suppressing the one opinion in which all his conversation partners agree: Such a complicated law, so easy to misunderstand, has not been passed in this country for a long time. This is one explanation for the vast number of discussions and superfluous outbursts, in addition to deceptive advice dictated by selfish motives.

**Discussion on Government Goals, Coalitions**

*92EP0686B Warsaw POLITYKA in Polish No 39,  
26 Sep 92 p 6*

[Interview with Paweł Laczkowski, deputy prime minister, by Janina Paradowska and Jerzy Baczyński; place and date not given: "Should the Politician Be Merely the Loudest Sheep in the Flock? At Any Rate, This Orchestra Is Playing"]

[Text] [POLITYKA] In the course of recent Sejm debate about your report on government activities, deputy Adam Glapinski stated: "It would seem that the only ones who are really conducting the affairs of government, besides, of course, Prime Minister Suchocka, are Ministers Kuron and Rokita. The others would appear to be playing in the orchestra without knowing the title of the composition or its author, simply striving to avoid playing off-key or too loud." Do you, personally, know whose composition you are playing?

[Laczkowski] I do not accept the metaphor of Mr. Glapinski, veteran minister of two governments. The orchestra he refers to is clearly organized and has a single conductor. The prime minister often says "my government," which reflects the real situation. At the same time, current social pressures are the cause for Minister Kuron's being one of the most actively working (and, therefore, most visible) people in the government. That does not mean, however, that he is dictating terms for the government.

[POLITYKA] What is the basis for your job as deputy prime minister for sociopolitical affairs?

[Laczkowski] As far back as the interwar period at the end of the 1920's, the prime minister's cabinet was divided into two spheres—economic affairs and socio-political affairs. In organizing our government, we referred to that formulation created according to the classic division into those ministries contributing to the budget and those being financed by it. The RM [Council of Ministers] Social Committee, whose work I direct, includes ministries financed by the budget, ranging from the MSW [Ministry of Internal Affairs] and MON [Ministry of National Defense] to the MKiS [Ministry of Culture and Art]. The task of the committee is to coordinate legislative work so that appropriate draft laws can be sent up before the meetings of the RM after those draft laws have passed through the process of interministerial adjustment, to conduct a permanent oversight of the legal status of matters in the various domains and to tag of those issues that are the most important for the government in the execution of the priority tasks it has already established for itself.

[POLITYKA] Thus far what topics has the Social Committee addressed at its meetings (its work has been rather little known in comparison with that of the Economic Committee)?

[Laczkowski] Preparing a reform of the program of health protection is one of our principal tasks. That includes workplace safety, education, and the problems

of handicapped people. In every one of these areas, a good deal of neglect has cropped up and there are new problems as well. There are some really alarming signals, for example, the number of accidents in farm work is already larger than in mining. I cite this merely as an example. In all our work, we are guided by two principles: First, the state has a moral responsibility toward the citizen which it does not seek to shirk; second, inefficiency in each of these areas results in significant cost to the budget.

[POLITYKA] In the main, these matters and many others as well fall under the work of the MP [Ministry of Labor], which is growing into a separate entity under the leadership of Jacek Kuron (as deputy prime minister in fact, if not in title), who puts forth his own ideas. As for us, we do not even know whether the two deputy prime ministers, you and Mr. Goryszewski, identify with those ideas. Seen from the outside, all this gives the impression of an unconsolidated structure of government.

[Laczkowski] We associate ourselves with those ideas or else we would not be in this government. That does not mean that my acceptance of various initiatives is unlimited. For example, I feel that, in the area of negotiating with labor unions and stressing their importance, we have reached a boundary, the crossing of which might constitute a threat to the interests of the state. In other words, the government should not become too contingent upon the central organs of the labor unions.

On the other hand, the MP has become as important as it has because of the fact that in the last few years the reordering of the social sphere had been occurring at a slower tempo than other changes. I do not say that as a putdown of previous governments. It is just that when one is doing general remodeling, one cannot do everything simultaneously. However, the fact remains that the whole area of social protection must today make up for lost time. In addition, in this very area, we must define clearly just how far people can count on the state and where an individual citizen's responsibility for himself begins.

[POLITYKA] Is it the intention of this government to point out the boundary between the two?

[Laczkowski] That is the aim of the programs we have prepared. Please look, for example, at the problem of state enterprises. For one thing, we are eliminating a condition of widespread doom by saying that a state enterprise is not slated for liquidation merely because it is a state enterprise. We also state the conditions under which such an enterprise has a possibility of surviving and becoming a normal enterprise. Our position is similar in the area of health protection. We wish to define what each person can expect solely because he is a citizen of the Polish Republic, what must be earned through work, what must depend on supplementary insurance, personal savings and the like.

[POLITYKA] You said in one of your interviews that your situation is better than that of your colleagues in the government for you have the spending of money in your

power. In light of the amendment of the budget and the unavoidable budget cuts, your position rather suddenly worsens. Do you plan to support these cuts?

[Laczkowski] Dividing up poverty is always one of the most thankless tasks. I am seeking compromises among the spokesmen for the various labor and social groups and ministries. I would also like to attain consensus among all affected parties that would make it possible for us as a government to present a united front by our actions.

[POLITYKA] We have been talking thus far only about the social sphere, and, you are, after all, the deputy prime minister for sociopolitical affairs. Do we not know what has been happening in the political area? In your Sejm speech, we noticed, for example, that the question of broadening the governmental coalition was omitted. The prime minister had foretold such a broadening. Today we do not even know if the government has a Sejm majority.

[Laczkowski] Judging from the results of the last election, the government has a majority. And it is not true that I said nothing about widening political support for the government. I said clearly, and twice, that we are very interested in broadening support.

[POLITYKA] But what does that mean in specific terms? A few days ago in an interview with NOWY SWIAT, Deputy Prime Minister Goryszewski said, for example, that the coalition should not be broadened for that would involve such problems as a redistribution of governmental posts.

[Laczkowski] I continue to hold that view that what is needed is the cooperation of a larger number of groups and coalescence around specific tasks and programs presented by the government.

[POLITYKA] But is anybody talking, for example, with the PSL [Polish Peasant Party] or the PC [Center Accord], or does the president merely wish to create a confederation for the purpose of the reforms while the government simply goes along with his wishes?

[Laczkowski] There are two different problems here. The first is the matter of the operation of the coalition. And in this matter things are better than I had originally calculated. What the government is doing is within the parameters of the agreement for a common minimum program, agreed to by the various groupings.

[POLITYKA] And yet the MKiS, for example, still has no minister to head it. Can you come to consensus about somebody?

[Laczkowski] There is consensus in this matter; the only problem is having one of the parties find a candidate. The second important matter is finding a broader base for the government. That can be done in various ways. One could speak with the leadership of the various parties but experience teaches that that method is not always effective.

[POLITYKA] The members of the parliamentary clubs vote the way they want to anyway.

[Laczkowski] That is an essential element of our political life and it must be taken into consideration. One could also seek support for our program, taking real political life into account. In real political life, many partners exist: There are the central organs of the union, there are the local centers of the self-government (very important in the formation of opinion) and there is parliament. We want to talk and we do talk with everybody.

[POLITYKA] Just so that such a triangular arrangement—the union central organs, the self-governments and the Sejm—does not give rise to a new Bermuda Triangle, in which everything disappears.

[Laczkowski] The Sejm is not one of the participants in such a triangle; the Sejm is the ultimate destination of everything that has been negotiated with the unions or that has been reviewed by the self-governments. In addition, the Sejm must relate to those centers in its activity, for otherwise it separates itself from real life. As a footnote I would like to add that the misfortune of Polish parliamentarianism is the proportional electoral law which tends to the disadvantage of local communities. I firmly maintain that we shall not put our political house in order until we adopt the majority rule which gives legitimacy to the members of parliament and shows the opinion-generating force of local communities. We cannot continue to let the most urgent state matters be decided by people who have obtained fewer than 300 votes in the election, that is not even all the members of their families and their acquaintances.

[POLITYKA] What is your understanding of the president's idea of creating a confederation of reform forces?

[Laczkowski] That idea has not been too clearly delineated, but I understand that it is a question of the necessity of a certain self-limitation of various groups and centers in the name of the common good.

[POLITYKA] In the last few days, still another idea has emerged. It has a long-term character, but it could also constitute a form of strengthening support for the government. We have in mind the idea of a different organization of the right wing of the political spectrum. You are named among the initiators of such an undertaking.

[Laczkowski] The building of the political scene around individuals from friendly ranks, a form of building to which we have been accustomed until now, has produced unfortunate results. We see that in parliament. It is a weak and fragmented method not only because 29 electoral committees divided places among themselves, but because no large grouping has a unified character. Each grouping contains several options, a fact that effectively paralyzes the activity of entire parliamentary fractions, which by their nature concentrate on internal dialogue. That is an element that destabilizes our political life. Therefore, every movement which aims at a reordering of the political scene, the building of agreements or

federations based on elements of a common program, will have my warm support. You spoke about movements on the right side of the spectrum. They have emerged and, in a bit, I shall speak of them. But other, disturbing movements have also emerged that perpetuate old errors.

[POLITYKA] What sort of initiatives have you in mind?

[Laczkowski] The building of a bipolar pact between the supporters of the Belvedere and the opponents of the Belvedere, for example. There is a rational element in such an initiative—it can prepare one for elections, maybe even win elections.

[POLITYKA] And replay for the third time the mistake of the collapse of the OKP [Citizens Parliamentary Club] or the collapse of the electoral blocs in the current Sejm?

[Laczkowski] That is the point. That is not an effective method for solving Polish problems and I believe that everybody who has a sense of responsibility for those problems should oppose those kinds of initiatives. On the other hand, we must support those initiatives that are based on an agreed-upon program even if that is limited to a few fundamental matters. I would connect current positive initiatives with the fact that various groups, at lower levels in party hierarchies, have come to the realization that we can no longer organize Polish political life as we had been doing. My party, the Christian Democratic Party, will participate in these positive initiatives.

[POLITYKA] How should the new organization of political life look in your opinion?

[Laczkowski] It ought to be a get-together of centers that at present are scattered and share a common set of characteristics as far as their thinking about the state and the economy are concerned. Upon closer consideration, I believe that such a common ground is closer to a conservative position than to a Christian Democratic one.

[POLITYKA] What sort of centers and characteristics do you have in mind?

[Laczkowski] I do not want to enumerate names of groupings for they are parts of various parties and recently they have been mentioned often. As for me, I am concerned about finding a common thread in the way of thinking. Such common characteristics are slogans from the conservative arsenal—clear support for a strong and effective executive power (a presidential-parliamentary system with a consistent tripartite division of powers), which entails a re-evaluation of the judicial power. Another characteristic is a decided commitment to a market economy (I would expect this to be a social market economy) and an openness to the world without xenophobic prejudices. And there is also the matter of the relationship between government and certain stated values. I am opposed to a religious-sectarian state, but am in favor of finding a suitable place for religious structures (as autonomous structures) within the state. The formula for such a bloc is not a purely Christian

Democratic one. It would rather be more along conservative lines, but such is the need of the hour. We need clear groups disposed to cooperation with others, groups that take a serious dose of responsibility for the state.

[POLITYKA] The need for such a regrouping results also from the threat that has emerged on the right, the radical right. It has reached the point that we identify the right exclusively with the ZChN or the party of Olszewski.

[Laczkowski] You use the word threat. It is not exact. The real threat comes when such a grouping begins to aspire to the electorate of a different party. What is really common to such groups as the KPN [Confederation for an Independent Poland] and the parties of Lepper, or Parys, or Olszewski or Tyminski? It is that they are appealing to those most alienated in the new realities and those seeking the simplest explanation of their miserable condition. And they receive such explanations in the form of slogans that the commune is responsible for everything, or the mafia, or the Jews or the crooks, etc. That is not the electorate of my party. The vice of our way of thinking and acting when it comes to politics is that we want to win everybody over. There is an old saying—who encompasses everybody, embraces nobody.

[POLITYKA] You do not make the public's work any easier. The slogans you enumerated earlier are claimed by everybody from right to left. We do not see any distinguishing differences.

[Laczkowski] Not claimed by everybody. But, you are right, they are general slogans. Now we must define them clearly and I believe that we are ready to do so. At any rate, our party is ready. If we can reach a consensus, we shall put our programs on the table and begin to discuss them.

[POLITYKA] It seems to us that our conversation has revealed certain positive elements in the current, undefined Polish situation. It may be that the general vagueness of party programs and the lack of clarity in society's expectations are what make a government like the present one possible. There is such a broad, undefined area of a lack of specificity for the participants in the coalition that the government can concentrate on solving the more practical problems. Might not it be better to follow this route to the end?

[Laczkowski] That is how it has been up until now, but some day we must break with that pattern. We need parties and political leaders who know how to give leadership.

It is true that current conditions favor the existence of a government that even you tout as odd. As for me, I would ask, perhaps naively, where does individual political responsibility begin and how long will we Poles prefer the type of political leader who only says what in his opinion people want to hear? When are we going to begin creating conditions that favor the emergence of a responsible political class that also tells us unpopular

things? To state the matter most briefly: Should the politician be the leader or only the noisiest sheep in the flock?

[POLITYKA] Thank you for the interview.

**PC Leader on Political Scene, Party Issues**

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p 1, 3, 6*

[Interview with Jaroslaw Kaczynski, Center Accord leader, by Marcin Masny; place and date not given: "Center Accord—Neither Success nor Disaster"]

[Text] [Masny] There is an opinion that, since the loss of initiative in the spring, you have been losing again and again.

[Kaczynski] You are speaking of the defeat in the coalition talks? I do not agree with that opinion. We have had a significant success, the second congress of the Center Accord [PC] met, which to be sure did not prevent a breakup—very destructive for the party—but that breakup changed into an important secession, but only a secession. The secession is important in the parliamentary club, but it is not even of a moderate-size secession in the party as a whole. The PC regained maneuverability, and the capacity to conduct policy. Later we contributed to the July coalition talks taking place. We did nothing spectacularly this time. They ended the way they ended. They ended neither with our success, nor with disaster. The Christian National Union [ZChN] suffered a disaster by entering the government after capitulating and causing a serious crisis within its own ranks. We did not fall into such a situation, and we have remained in opposition, which is not easy, but the situation is moving toward clarity. There is a group of individuals who constantly raise a commotion behind us. When we resigned from a couple of seats in the government, we were accused of seeking prizes anyway.

[Masny] Can you cite a success during the recent period similar to the one achieved in breaking through the domination of the left in Solidarity in 1990?

[Kaczynski] A very serious one. While a minority, we caused the formation of a center-right government. That government did not take up what it should have taken up, but instead it began a war with those who formed it. That cannot be explained in political terms, but only in personal ones. The defeat of that government is a defeat for the entire camp, but we do not feel responsibility. If now the ZChN has everything in its hands, it is the service of a part of the PC, but not of the part which I was leading.

[Masny] You say "our camp." To what degree do you feel a commonality with the new formations calling loudly for independence, which you accuse of a lack of economic vision?

[Kaczynski] I do not recall such accusations.

[Masny] Andrzej Urbanski made them in NOWY SWIAT.

[Kaczynski] But I only read them today after returning from vacation.

[Masny] But you are not distancing yourself from them?

[Kaczynski] I am distancing myself, for we must explain to ourselves our past disputes; in December, we won everything, then we lost. There is something to talk about. But in political, military, or economic questions—regarding the economic ones in a broadly understood camp, there are differences—there is great agreement. Only we must explain the past to ourselves. We will surely not repeat the experiment of giving unconditional support without a guarantee of what will come of it. Second, we think that in Poland an alliance of the center and a certain part of the right, within the bounds of common sense, has a chance. But the lack of manners on the part of the Olszewski formation is striking for us for we think that one must distinguish those who can help from those who will surely cause harm. The part of the electorate, which will not go after the Confederation for an Independent Poland [KPN], will not follow this type of people. One loses more here than one gains.

[Masny] Other politicians do not arouse so much excitement among the voters as they do.

[Kaczynski] I am concerned with the example of Parys. And one must add some elements of the economic program. Obviously, one can play in the Argentinean manner, as a populist, and then one gets it in the face later. In that way success came to...

[Masny] ...Fujimori and Menem.

[Kaczynski] Precisely, but I would not propose such methods in Poland.

[Masny] And in particular you would not announce it beforehand?

[Kaczynski] In our situation, one would not go far in this way. First, the state would have to live through inflation again, and then perhaps the people would give their consent. And I have my doubts here. That is too risky. Moreover, returning to the Olszewski group, there is someone there who considers himself a decided conservative, like Parys, and on the other hand, there are people, I think, with fairly leftist views. For example, Zbigniew Romaszewski.

[Masny] Within the PC, there are also varied groups, at least as regards the mentality, the values recognized. There is a difference between people who accept a narrowly conceived Christian democracy and people who accept a liberal position.

[Kaczynski] I do not know whether there is a difference, if you consider that until recently people who accepted the liberal position—and some even a very liberal one, in order not to say "libertarian," for example, the Wroclaw group—today belong to the Christian-Democratic Forum [FChD]. A well-known politician joining the PC declared that we must take into consideration that he is at the very far left wing of the center, but today he is the

standard bearer for the forces that say they are Christian-Peasant. In any case, I do not fully understand what Christian-Peasant is supposed to mean. We have as much right to call ourselves a Christian democratic party as any other party. We have the advantage that we actually exist in all the voivodships, although not in all gminas. Even in a voivodship where the party is quite weak, we have some mayors.

[Masny] There are groups of PC village officials which were formed when representatives of the local administrations counted on the PC becoming...

[Kaczynski] ...the presidential party, a repetition of the PZPR [Polish United Workers Party]? Yes, I obviously know that.

[Masny] But prior to the second congress during a verification, Stanislaw Rojek, who was the proper authority on this question, did not tell me what is the actual membership of the PC.

[Kaczynski] Let us leave Rojek out of it. I will tell you everything depends on what a party is. A party is only a life and death matter for the full-time people, and 90 percent of them in the Center Accord work for nothing. We probably have 12,630 verified members. But I cannot evaluate the condition of other parties. But I think we have an clear advantage over the ZChN and the Democratic Union [UD].

[Masny] Do you feel such tangible support as the politicians of the Movement for the Republic [RdR] and the Movement of the Third Republic [RTR]?

[Kaczynski] I was at meetings only in July and at the beginning of August. Obviously, fewer people come to our meetings than to those with Olszewski but more than to those with Macierewicz. I was in Kalisz after Macierewicz. He had more than 80 people, and I more than 200.

[Masny] It looks as if Jan Olszewski and his current allies are driving for a clear division of the stage into light and dark. If the drive finds support in society, the PC will have to choose.

[Kaczynski] We started with a program of opposing the left and not from an extreme position. We look realistically at society. The belief that support for these rightist Catholic-Peasant Poles will explode is naive; it is a naive faith. In 1989, only 40 percent of the voters supported the anticommunist program. Our society still before the war and communism had a poorly developed democratic experience. If someone does not believe what the mind of society is like then let him go the Western lands and look at the dirt and the disorder. But one must take the facts into account and our potential partners do not want to. They live among myths.

[Masny] Or perhaps they know that one must cultivate myths in order to gain support, which the voters will refuse a pragmatist like you who expresses his views publicly. You offend potential allies and potential voters with your comments.

[Kaczynski] At present, I am talking to the readers of a elitist weekly. Further one must tell people such things. And as regards politicians. Read the booklet with the Olszewski interview published by TYGODNIK SOLIDARNOSC. There are statements there that are obviously false about our unsatisfied personal appetites. The principle of avoiding disputes must operate on both sides. In the end, I helped Olszewski and he harmed me. That happens in practice but proper it is not.

[Masny] It seems to me that disappointment speaks through you inasmuch as you claim to be the creator of statesmen.

[Kaczynski] Of one.

[Masny] Previously you promoted the legend of being Walesa's creator.

[Kaczynski] It was disseminated and clearly you did not prepared none too well for this interview, because I said dozens of times that Walesa would have been president whether I had helped him or not. I wrote a book about it.

[Masny] When did your relations with Walesa go sour?

[Kaczynski] During the previous period, it was hard for me to comment on this subject.

[Masny] But there was a legend and someone promoted it. I believe you that you did not. But I sense that in the evaluation of your own success of 10 months ago you are giving vent to your dissatisfaction because you were outside of the governing coalition, where you wanted to be, and outside of the growing new center-right coalition. That looks like the bitterness of defeat.

[Kaczynski] Undoubtedly, everything associated with the Olszewski government is a defeat for me. I admit that, but that does not mean I admit guilt.

[Masny] For how many years have you known Olszewski?

[Kaczynski] For 12 or so years. I did not have such a relation with him similar to that of some who fall at a person's feet when he becomes important. I knew that there would be various difficulties, and people from close circles supporting not Olszewski but certainly Parys warned me that Olszewski in their opinion was not suitable. But I knew his very important talents and knowing that there would be troubles, I did not think he was prepared for suicidal actions. Olszewski clearly intensely felt the slightly unfortunate situation of the formation of a government when he was presented as someone almost from the hand of the PC, of myself or my brother. I am not surprised that it did not make him happy. But, above all, he undertook a suicidal action. He lost certain personnel maneuvers in the government. And finally he rejected our general conception of broadening the coalition so as to have 60-70 percent of the power in his hands and to use it to build a strong coalition. The loss of power was a very bad thing. I very much wanted and will do everything to gain back power, but there is no certainty that can be done quickly.

[Masny] For what kind of a formation to regain power, inasmuch as there is a distance between the PC and the new center-right formations?

[Kaczynski] There are elements to be explained and the explanations are not impossible. Moreover, time heals. And then there is a chance to win. And there is also here a chance to form a competitor to win the dissatisfied groups. One day, they will be removed. I do not speak of undemocratic opportunities. Only that they will not be replaced by those from Olszewski's camp or mine. Not at all good ones. Remember what your boss and my colleague, Maciek Letowski, said: if strong social tensions develop, Walesa gets 80 percent of the profit. Experience with direct government by Walesa, whether by Pawlak or by Olechowski, or someone else from the old personnel would be fatal for Poland.

[Masny] You speak of the old personnel. But the two names come probably from two different groups. Olechowski can be regarded as a subject, but no one suspects Pawlak of that.

[Kaczynski] I warn you against underestimating Pawlak, although he was initially completely subordinated to Walesa. Pawlak is not an accidental figure in the Polish Peasant Party [PSL]. He is a representative of the Swirgon Rural Youth Union [ZMW] after 1981. It is an important force in the Polish Peasant Party [PSL], and it is the *nomenklatura* although of a particular type.

[Masny] Responsible positions in diplomatic posts would place Olechowski in a different sphere.

[Kaczynski] His past is completely clear. In spite of everything, he is in a broad sense *nomenklatura*. An exact analysis would show great differences.

[Masny] What is the most probable prognosis of events according to you?

[Kaczynski] The Suchocka government, in spite of everything, is fairly coherent. Where are the liberals and where is Goryszewski? But each side is taking care of its interests. For the UD, it is a return to power. Internal maneuvers are laid over that. The role of Rokita can still be associated with Geremek, but it is independent. Other than a few individuals no one knows this.

[Masny] Perhaps Rokita himself does not know it yet.

[Kaczynski] Among the liberals the sense of threat has been removed. They can move fairly freely. The ZChN has avoided conflict with the president whom it fears. Several individuals are implementing the ambition of being there, especially one, and I think that it is an attempt to build the support of the ZChN, which is not an accusation. The smaller parties are striving to survive. That means the Suchocka government has a chance. But predictions for more than six to 10 months are beyond my abilities. I do not know whether the strikes are just another wave of them, only longer, or a new phenomenon. The success of the government will extend its

horizons. Another course of events can cause it to lose stability and bring a chance for a presidential dissolution.

#### Draft of Universal Privatization Program

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[Unattributed article: "Government Draft of the Mass Privatization Program"]

[Text]

#### Introduction

The experience of the last 15 or so years throughout the world has demonstrated the superiority of the market model of the economy to centrally guided economic systems. Until the early 1970's this superiority was not so obvious. However, the technological and information revolution and the growing complexity of the economies began to require an increasingly efficient utilization of the invested resources, a rapid application of technological innovations, and a flexible response to the market. At the same time, the efficiency of Polish state enterprises steadily decreased, and in time it became clear that the reserves for streamlining the command economy became exhausted. Inefficient management, miserable economic performance, and the resulting deterioration of the economic situation prompted a mass abandonment of socialist economic doctrines in West Europe and moreover contributed to the collapse of totalitarian systems in the countries of the former Eastern Bloc, including Poland. Since continuing on the traditional road would lead nowhere, the need arose for the most rapid possible conversion of the Polish economy to a market economy.

A successful performance of an enterprise in a market economy system requires three fundamental elements: ownership, management, and capital. The owner determines the objectives, distributes the profits, and employs the management, which he then requires to manage the invested capital efficiently so as to attain the highest profit margin possible. The management, having been assigned explicit objectives for managing the entrusted assets in the interest of their owners, analyzes the situation from this standpoint, adopts decisions and oversees their execution. Lastly, the capital needed to finance resources, employees, marketing, distribution, and sales, flows from poorly managed companies or unprofitable branches of the economy to companies whose performance prompts expectations of profits and warrants the risk of investing in them.

The absence of any one of these three elements sooner or later dooms a company to failure. At Polish state enterprises all three elements are lacking. Supervision by the owner, that is, by the State, is practically nonexistent. The direction, in the form of the so-called "Bermuda Triangle" (the management, the worker council, and the trade unions), thus operates in the absence of supervision by the owner. Such a form of management cannot be efficient, since the management is not free to take

decisions, responsibility is diluted, and there is a chasm between the interests of the "de jure" owner of the enterprise, that is, the state, and its "de facto" owners, that is, the employees and the trade unions. The mechanisms of the flow of existing capital (frozen in the assets of such enterprises and inefficiently allocated by the banks) are blocked, and there will be no influx of new capital to mismanaged enterprises lacking an actual owner.

The sole way out of this vicious circle is a rapid and resolute privatization. So long as a substantial majority of Polish enterprises remains unprivatized, the conditions for a lasting improvement in this country's economic situation will be absent. Farming, foreign and domestic trade and services already are to a large extent private. The largest bastion of the incompetent state sector is industry and the banks, and hence at present the state should focus its privatization efforts on these. The privatization of industry will result in the rise of supervision of the privatized enterprises by their owners, force their management to act in the interest of the owners, and unblock the mechanisms of the flow of capital. This will force the restructuring of the colossi of Polish industry, the shutdowns or sale or money-losing enterprises, and investing the resulting funds in promising enterprises and, as a result, growth in the profitability of Polish industry as a whole. In the longer run, enterprises will need huge amounts of new capital, needed to modernize obsolete technologies and raise product standards as well as increase productivity to the level of Western industry. Only then will Polish industry have a chance to be competitive with the industries of the developed countries. Capital will flow into Polish industry only when it becomes private and well-managed.

Privatization by capital methods consists in:

- Auction sales of privatized assets to interested branch investors, (e.g., the sale of the Wedel chocolate company to PepsiCo).
- Public stock offerings (e.g., the offerings of stock in the first 13 companies at the Warsaw Stock Exchange).
- A combination of the above methods.

These methods are effective, because the identity of the owner is known, the worth of the assets can be determined fairly simply, and there exist interested buyers having the capital for the purchase. Methods of such "privatization by capital" are known worldwide. They have been efficiently employed in the privatization program in Great Britain. That program extended to 50 enterprises, mostly huge ones, and took as many as 10 years.

The task facing the Polish government is much more difficult. In Poland there are more than 8,000 state enterprises, accounting for 80 percent of industry. Even if some of the most important such industrial plants, such as defense or fuel-energy plants or mines, remain in the hands of the state, the scale of privatization would still be unprecedented in the world. Privatization of the

entire Polish industry in accordance with the British model is not possible, because it would take several hundred years. To put it simply, it can be said that this would mean selling assets that belong to no one and whose value is unknown, to people who have no money. In such conditions, a rapid and mass privatization of Polish industry requires applying unconventional solutions, though based on mechanisms that are both widely known and used the world over.

The Mass Privatization Program prepared by the Ministry of Privatization proposes to introduce the above concept in the economy. In the Ministry's opinion, this program is a carefully balanced compromise among the conditions for the growth of Polish industry, the level of the economic activation of the society, and the need to satisfy the social expectations of financial benefits of privatization.

The purpose of the program is to privatize a substantial number of the 1,500 largest Polish state enterprises. As a rule, the capital worth of these enterprises markedly exceeds the financial resources of Polish investors, and moreover an accurate valuation of that worth is either impossible or extremely expensive, time-consuming, and controversial.

The success of this program will largely depend on its rapid and resolute implementation, even if it will require revisions.

#### **Assumptions and Objectives of the Mass Privatization Program**

1. The experience of the Ministry of Privatization so far in privatizing by capital methods (meaning sales of enterprises by means of public stock offerings or to individual buyers) indicates that, although these methods are suitable for privatizing large and especially attractive enterprises, in terms of the industry as a whole, privatization by capital methods is too slow and expensive (sometimes costing more than 10 percent of the value of the privatized enterprise). The greatest expenses are involved in appraising the value of the enterprise's assets. Moreover, many enterprises would find no buyers, not even at extremely low prices.

Mass privatization causes a radical acceleration and simplification of the privatization process by dispensing with the valuation of enterprises and privatizing several hundred enterprises at once.

2. In view of the backwardness and debt of Polish industry, the difficulties in marketing its products, and the need for substantial investment outlays, the appraisable value of domestic enterprises at present is relatively low compared with the value of comparable enterprises in the West. Sales of such enterprises at present would yield relatively low receipts to the state budget. At the same time, a majority of the society would forfeit the opportunity to benefit from privatization. Moreover, the sale of a large number of state enterprises by the capital method would trigger an avalanche of accusations of sell-out of national wealth to domestic or foreign capital

"for pennies." Retaining the ownership of enterprises by institutions which are owned by the Polish public as a whole or appointed with the object of restructuring industry and increasing the value of its assets will serve in the future to sell enterprises at much higher prices, to the advantage of Polish citizens as a whole.

3. It is necessary to employ professional companies managing the National Investment Funds, which will attend to restructuring the enterprises. In Poland there are not too many experts in this field, because they had not been viewed as needed in our economy. That also is why we should avail ourselves of the experience of foreign experts. They will be employed to accomplish economic changes in the enterprises under the mass privatization program. It should be added that economic changes at these enterprises will trigger a chain reaction among their suppliers.

4. A highly important purpose of mass privatization is to include the broadest possible strata of society among its beneficiaries. Most Poles, who have in the last 45 years lost the habit of independence and private initiative, lack even basics of knowledge about the operation of the market economy. Claimant attitudes and passive expectations of improvements in the economic situation continue to prevail. A change in the ownership of a large segment of industry will stimulate people to become more entrepreneurial and consolidate the country's political and economic stability.

5. How is the ownership of privatized property to be transferred to the public?

Various suggestions have been published in the press, for example, the issuance of all kinds of privatization vouchers or privatization-credit coupons with an arbitrarily fixed nominal value (par value) which could be used to purchase privatized property such as shares in enterprises, housing, investment goods, settlement of tax obligations, etc. These ideas have many flaws.

First, they create dangerous illusions among the public, which believes that it will be gifted with assets in the form of securities whose specified par value is the actual value, whereas their market value will be only a fraction as high.

Second, this raises the problem of securing a supply of goods sufficing to meet the thus generated demand and distributing them among the citizens. Should the goods be sold according to their book value, this would engender gigantic corruption. On what principles then should goods be sold to those and not other investors? If they are sold by auction, their prices may be jacked up to sky-high dimensions or, owing to lack of buyers, they may remain unsold, not to mention the problem of organizing thousands of auctions and the attendant chaos.

Third, the extension of privatization under these principles to housing and other goods previously purchased for

cash would trigger hyperinflation and nullify the achievements made so far in reforming the Polish economy.

Fourth, aside from a change in ownership, this form of privatization would not provide the privatized enterprises with capital, and neither would it provide them with professional management assistance.

The solution adopted in the Mass Privatization Program consists in introducing an intermediate link between the public and the privatized assets, namely, the National Investment Funds (NFI). Stock in privatized enterprises will be allocated among these Funds instead of being directly distributed to citizens. In this way, these Funds will become "holding companies" introducing concentrated ownership and proprietorial supervision of enterprises. The NFI will provide enterprises with professional assistance and compel them to streamline their management. Companies specializing in the management of mutual funds will be employed to manage the NFI. Thus, every enterprise will have only a few owners. The public would receive not stock in enterprises but stock in the NFI, which would have the form of joint stock companies. The par value of the NFI stock would not be specified, because their actual value will be determined by the market itself.

The establishment of the National Investment Funds will dispense with the need to exchange privatization vouchers or coupons for shares in enterprises. Moreover, the existence of different such Funds, with differing portfolios of assets, would reduce the risk to stockholders.

It thus becomes immensely important to employ NFI-managing companies in such a way that their remuneration would be contingent on their operation in consonance with the interests of the owners of NFI assets, that is, the Polish public. In this way, the motivation of such managing companies will operate as a spontaneous control mechanism, thus eliminating the need to set up a cumbersome system of supervision by the government and the stockholders.

6. The next problem is the principles on which the public should participate in the privatization program. A number of proposals has been offered, of which the principal ones are:

- (a) Purchases of stock at book value for cash.
- (b) Granting to the public credit for purchases of stock at book value.
- (c) Purchases of stock in return for partial payment (or upon paying a registration fee).
- (d) Gratis distribution of stock to the public.

Options (a)-(c) are unfavorable for the following reasons: In the case of option (a), it is estimated that the book value of the first 200 enterprises participating in the Mass Privatization Program is about \$3.2 billion, and the book value of all the 8,000 state enterprises would be \$50 billion. Yet the aggregate annual wages paid in

Poland are about \$20 billion, and the entire money supply is about \$18 billion. Moreover, the market value of the stock will be, at least initially, much lower than the book value of the assets, which will cause a huge risk of forfeiture of capital. For these reasons, option (a) is unrealistic. Only a small segment of the public has disposable funds that can be spent on stock purchases, and moreover such purchases are risky.

As for option (b), that is, \$50 billion credit for stock purchases, that would cause the financial destabilization of this country owing to the consequences of providing such huge credit in relation to the available money supply. Moreover, this credit would be in practice inaccessible owing to the modest earning possibilities of a majority of the society.

Option (d) appears politically unacceptable owing to the universal belief that something that is given away for nothing cannot be respected.

For the above reasons, the program is based on the premise of a partial advance payment for stock in the amount of 10 percent of the nationwide average monthly wage, that is, option (c). This solution displays a number of advantages.

First, participation in this program requires making a financial sacrifice, small as it may be. It is likely that the owners of the thus purchased stock will hold on to it as a longterm investment, which will affect its price favorably.

Second, the financial risk to the public is minimal. A citizen may lose his money only in the event that the market value of the stock falls below the registration fee he had paid for it. Considering that the registration fee will be only a fraction of the book value of the assets to which participation in the Mass Privatization Program entitles one, such a situation is hardly likely.

Third, the revenues thus obtained would serve to offset the costs of the privatization.

#### **Concept of the Program: Structure of Ownership in the Program**

About 400 state enterprises participating in the program will become commercialized, that is, converted to one-person joint-stock Treasury companies (the so-called State Treasury will be the owner of 100 percent of stock in these companies). To administer that stock, the Ministry of Privatization will create a number of National Investment Funds ("Funds"). They will have the form of joint stock companies and be managed by professional management firms under a contract. Once the Funds are established, ownership of stock in these companies will be transferred according to the following formula by the Minister of Privatization, acting in the interest of the Treasury:

33 percent: the principal Fund 27 percent: the other Funds, in equal parts 30 percent: the Treasury 10 percent: up to 10 percent, the employees of the enterprise concerned, 100 percent.

The Ministry of Privatization determined that the economically most warranted solution will be to assign to each Fund a major share in 20 to 30 companies. Assuming that exactly 400 enterprises will participate in the program, and that each Fund will own leading shares in 20 companies, 20 Funds will be established. The investment portfolio of each Fund will thus consist of 33-percent principal shares in 20 companies and roughly 1.4-percent shares in the remaining 380 companies.

After the first year of operation of the Fund is over, share certificates will be distributed to citizens, with each citizen of full legal age being entitled to one share certificate ("Certificate"), which will represent sharing in all the Funds, with a single share owned in each Fund. The Certificates will be freely traded or exchanged for stock in the Funds. It is expected that 27 million Certificates will be issued, thus accounting for 85 percent of the total assets subject to the Mass Privatization Program. The Treasury will retain control over the remaining 15 percent of the assets, with the object of using it to reward the companies managing the NFI for their performance.

#### **Structure of Management in the Program**

Pursuant to the Commercial Law Code, the final say in each Fund will belong to the general meeting of stockholders, the supervising council, and the management. Since at first the Treasury, and on its behalf the Ministry of Privatization, will own 100 percent of stock in each Fund, the Ministry of Privatization will appoint the first supervising councils. Each supervising council will appoint the management of the Fund and conclude on its behalf an agreement with a selected managing company for administering the Fund. After the share certificates are distributed to the public and gradually exchanged for stock in the Funds, the stockholders in each Fund will elect new supervising councils.

The companies formed owing to the conversion of state enterprises will be governed by general meetings of stockholders, supervising councils, and the management. The general meeting of stock holders will be constituted by:

- The principal fund.
- All other funds.
- The Treasury, and
- Employees.

At the first general meeting the supervising council will be elected. The supervising council will have primarily the powers of the representative of the company's stockholders. The membership of the supervising council will roughly correspond to the division of ownership of the company among the stockholders, namely: four members from the principal Fund, two members from the other Funds; one member from the Treasury, and two members from among the employees, thus making for a total of nine members.

The supervising council appoints the management, consisting of company employees, which will be endowed with executive powers.

### Regional Public Television Issues Viewed

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Article by Beata Modrzejewska: "TVP Regional Centers—What Next? Neither Help nor Death Blow"]

[Text] The fate of regional television centers is uncertain and will remain so until the enactment of a new law on radio and television. Before the Sejm's vacation break in deliberations, the Culture and Media Committee, in drafting the bill, did not have time to examine provisions outlining the future form of the regional stations. The bill provides for the creation of a State Treasury partnership formed to establish and broadcast two nationwide networks as well as regional television networks.

There are numerous ideas for resolving the difficult situation of the regional stations: Some deputies see a solution in partial commercialization of the centers, others in parcelling out national network II among them. Some promote the idea, already somewhat outdated, of creating a third national network and turning it over to the management of the regional centers. But most agree that the only chance for survival is their attaining independent, which will permit them to compete with regional commercial stations.

"I know from my experience on the Radio Committee that public television in the form of a joint stock company and on the base it currently has is in a position to survive," stated deputy Marek Markiewicz (NSZZ Solidarity), who is participating in the work of the Sejm's Culture and Media Committee on the new radio and television law. On the financial, personnel and technical side, the centers are in a position to broadcast 24 hours of programming. But when it comes to the financial side of that undertaking, up to now no one has calculated whether they can afford it—all the statements on this subject are just speculation. I would say too that if public television were to cover the range it does now—two national networks and a regional one in each of the existing centers—that would be enough. With more than that we would encounter a real financial barrier.

Deputy Aleksander Malachowski (Union of Labor) does not believe a national network produced by Polish Television [TVP] regional centers could survive. And he doubts whether the centers are currently being fully utilized on the national antenna. The centers are not interested in closer cooperation with headquarters, because the requirements set out for programs aired on the national antenna are much stricter than with locally broadcast programs. Part of the material transmitted from the centers is not broadcast because of its poor quality—which is perhaps true but, as deputy Malachowski says, referring to his experience from working in

radio, one looks more tolerantly on the "blunders" made by a colleague than the errors made by the regional stations.

Currently, nine regional public television centers subordinate to Warsaw are operating in Poland. Residents of Bydgoszcz and Rzeszow can also watch regional public television programs, but the stations operating there do not yet have the status of centers; they will likely achieve it after the enactment of the radio and television law.

"In addition to local and regional broadcasts under network II, there is also another kind of network we unofficially call TVP Network III. These are regional programs financed totally by the centers and broadcast on a different frequency or during breaks in network II's transmissions. Currently, the Warsaw and Rzeszow centers are applying for approval to broadcast during breaks in network II's transmissions. I believe they will receive the Radio Committee's approval in the fall and will begin broadcasting," said Stanislaw Nowak, TVP program director.

As we learned from the State Radio Communications Agency [PAR], only the center in Katowice has approval to broadcast on a third frequency.

"We respond to all centers applying to obtain a new frequency that the organizational form of public stations will be defined by the law or the Radio and Television Committee established by it; all the centers broadcasting on the so-called third frequency are pirates to some extent—they have approval to broadcast," explained PAR director Marian Kislo, "because all public radio and television stations are entitled to it, but they do not have approval to broadcast as a third network. It happens that with a change in their previous frequency, the stations do not liquidate their old transmitters, which permits them to broadcast a so-called third network—there is such a situation in Lublin."

What the future of the centers will be, whether they will be able to win the race for viewers and advertising with commercial stations, and which of the deputies' ideas on the centers will ultimately be entered into the law is not known. But on the basis of our survey, we learned how the situation in individual stations looks, and what is a threat and what is an opportunity for the centers in the opinion of their directors. We also learned what the heads of the regional public television stations are not afraid of. They are not afraid of competition.

### Gdansk: We are operating in a vacuum

"The centers are operating in a vacuum; no one wants either to kill them off or help them," said Ryszard Grabowski, deputy director of the Gdansk Television Center. "In the past few years not many people have applied for employment because the work did not offer any prospects and paid poorly. Now the situation has changed, and younger applicants are turning up. There are plans this fall to start up a local program, which would be broadcast several hours each day."

The programs aired by the Gdansk center can be received by viewers in the Gdansk, Elblag, and Olsztyn voivodships. Gdansk television broadcasts nine hours a week for them.

Compared to last year, the number of programs produced in Gdansk and broadcast on the national antenna is much lower.

"The reason for this situation is the reduction in purchases by Warsaw headquarters," explained Ryszard Grabowski. "One can always protect oneself with the argument that the material transmitted is of poor quality, but our programs do not depart from the general norm. So it is hard to assume that in all the centers, in the course of one year, the level of programming has suddenly dropped by half. A lot of people are working in all of television, so it is no wonder that in Warsaw their own productions are favored."

"The plan at the beginning of the year provided that about 200 hours of programming produced in Gdansk would be broadcast on the national antenna. But headquarters often rejects our proposals and the routine explanation is the excessive cost of the programs.

"Of the three plans to settle the future of the centers—maintaining the status quo, partial commercialization and the creation of a third national network—the plan for partial commercialization is the most sound," said Ryszard Grabowski.

The center has accumulated new equipment and has a studio with modern furnishings, but its editing equipment is always on the brink of breakdown. Five cameras and one 16-year-old broadcasting van work on the center's needs.

#### Katowice: Changes Despite Opposition

The TVP center in Katowice is in the process of restructuring. Since May of last year, 200 people have been laid off.

"The changes will be carried out despite the opposition of the labor unions. Judging from the level of employment in Western television, I should employ 60 people, and in the future—after increasing our broadcasting hours—150 people. More than half of our budget goes for salaries, because we are still paying for coming to work, not for the work itself," said Rafal Szymonski, director of the Katowice center.

Currently, the center broadcasts four to five hours of programs a day; as of September it plans to increase transmissions to seven hours and by the end of the year it anticipates broadcasting 12 hours a day.

Since March 1990, the center has been airing regional programming—about 40 hours a week. The center's director predicts that as of next year, regional programming will amount to 84 hours a week. The regional offerings consist of commentary and musical, entertainment and informational shows. The Katowice center has obtained authority from the Radio Committee president

to make independent purchases of films, provided it earns the money to pay for them itself.

"Now no one can get approval to broadcast. The center that did not take advantage of the opportunity in 1988 and 1989—they preferred to wait until someone handed them a frequency on a platter—are going bankrupt now," said director Szymonski. "We are trying to make as much money as possible and finance our programming with it. We are competing for advertisers, and the amount of advertising aired here is growing constantly. For the time being, commercial stations are not operating in our area, but if they appear, then when it comes to advertising we are not afraid of competition. We are entering into long-term contracts with advertising firms and that is our insurance."

The Katowice center's programs are produced with six modern cameras and two broadcasting vans (obsolete). The center has two editing benches.

#### Krakow: No Opportunity for Competition

"We would have something with which to compete with the commercial stations that will crop up any moment, but the law does not permit us to do that," said Lukasz A. Plesnar, director of the center in Krakow. "We filed an application with the minister of communication to obtain approval to initiate Network III, but we know the minister cannot make any decisions until the law is enacted. Some centers are already broadcasting on Network III, but they received approval much earlier. Now everything is blocked. The deputies who are supposed to look after public television deprived us of the chance to compete with the pirates. A month after the law is enacted, we will be able to move full steam ahead."

The most important thing for the future of the center is that it attain legal status. As it happens now, numerous firms want to give money to the Krakow center (buying or sponsoring advertising), but the center is not a partner with them—the signature of the Radio Committee must appear on all documents, so that entering into contracts is made particularly difficult.

In director Plesnar's opinion, for the center's need in the future, existing windows in TVP Network II should be maintained and the allocation of a frequency for local Network III, commercialized to a great extent and broadcast first for four to five hours a day and eventually for eight hours, should be guaranteed legislatively.

"In our market there is not an adequate number of advertisers to fill up 24-hour programming with advertising," said director Plesnar.

Krakow's specialties are cultural and entertainment programming, theatrical performances (very expensive, paid for by headquarters) and educational programs.]

The Krakow center is producing mainly material for cultural magazines, cyclical programs and the afternoon news for national television.

"Complaints that the programs are too expensive are partially justified, but after all headquarters designated

the level of surcharges on material produced in the centers," said director Plesnar.

The Krakow center's equipment comes from various years: one can find some very modern (e.g., the studio furnishing in Leg) as well as some from over a dozen years ago.

#### Lublin: Youngest But Not Worst

Just two years ago there existed in Lublin only a small television bureau under Polish Radio producing two hours of programming a week. In November 1990, the Radio-Television Center was created, and last year it achieved independence.

Since January the center's staff has been producing about 30 hours of programming a week (20 during vacations), transmitted on a regional and municipal channel—TV "Lublin 3." The regional program is a half-hour informational magazine, "Lublin Panorama," aired six times a week, and a three-hour Friday bloc of shows transmitted simultaneously on TV "Lublin 3."

TV "Lublin 3," which can be received within a radius of 30 kilometers from Lublin, came into being in January and broadcasts local news, entertainment and public affairs programs, films and broadcasts for children daily from 5:30 to 9:30 p.m. In the opinion of Olaf Olszewski, director of regional public television in Lublin, films (reruns of familiar series chosen previously by viewers), local news, and game shows enjoy the most popularity. Few viewers are interested in cultural and public affairs programs. In research conducted by the Regional Center for Demographic and Market Research, "Demos," on the question of whether television presents local issues and problems adequately, 8.8 percent responded affirmatively, and 45 percent of respondents were "rather satisfied."

Lublin television's budget consists of the smallest allocation of subscription fees in Poland—6.7 billion zloty, revenues from sales of programming and advertising revenues, which all stay in Lublin. TV "Lublin 3" is financed exclusively with its own profits.

"This amount makes production of our own programs, which constitute about 50 percent of our air time, possible," said director Olszewski.

In July, the Lublin center produced a 106-minute program for the Television Information Agency [TAI].

Technical resources include a small studio, in which two professional cameras operate. Two well-used "Betacam" cameras and two "Super VHS" systems serve for reporters' tapings.

#### Lodz: We Are Making Money on Our Productions

"Our budget is sufficient to cover the costs of what the center is currently producing," said Jacek Szeligowski, the center's deputy director. "The biggest part of the budget is profits from our own productions, developed on the orders of headquarters—42 percent. Allocations from subscription fees cover 38 percent of our needs and

advertising revenues 20 percent. Therefore, the corset hindering the center's development is not money, but limits on broadcast time."

In total the center airs nine hours of programming daily: from Monday to Thursday half-hour morning and evening programs, a three-hour bloc on Friday, a 30-minute cultural magazine on Saturday and on Sunday an hour-long "Relax." Headquarters intervenes to a small degree in the substance and form of local programming, although it does critique it.

The Lodz center produces the program "997" once a month, the magazine "Approaches," "Gallery-Artists" and "Theater-Goers Vademeum" for the national antenna.

Commercials take up from 2.4 to 4.5 percent of air time of its own programming. Revenues from this are earmarked for the center's needs. Of the commercials aired on the central antenna—e.g., during the broadcast of "997"—40 percent goes to the center's account, the rest stays in Warsaw.

The Lublin center sees a great opportunity for developing regional television in establishing a commercial Network III and transmitting it to the centers. Eliminating narrow time boundaries will allow it to avoid the abridgements and cuts necessary in this situation and thereby enriches the substance and form of the material presented.

A relatively small amount of the material produced by local centers is used in the national news. The main reason is time limits, which fit news coming from the world and the capital with difficulty—such explanations come from Warsaw most often as justification for not using the transmitted material. Occasionally, a complaint of poor picture quality turns up, which can be explained by excessive use of equipment. The center has 11 cameras (three cameras were purchased last year) and one broadcasting van.

#### Poznan: Frustrating Advertising Market

Marian Szymanski, director of the Poznan TVP center, sees an opportunity for the survival of public television stations in wise decisions contained in the bill on radio and television being drafted by the Sejm. What it will look like, they do not know in Poznan—no one consulted with them on the bill. It is equally difficult to predict the behavior of advertisers, because the advertising market is very frustrating; even now there are good periods with many orders, after which comes a dry spell. In the opinion of Poznan television's management, the law should also take into consideration the issue of time dedicated to advertising, as well as the matter of its quality. But above all, the new law must specify the objectives to be achieved by public television, they said at the Poznan center.

The center's budget is based on three kinds of revenues: subscription fees, which constitute about 50 percent of

the budget, "outside sales" (commercials, their production and transmission, which make up 30 percent of the budget) and "internal sales" (for the national network—20 percent of the budget).

Hours of regional programming broadcast from Poznan amount to an average of eight hours a week. Most programs are the center's own concept and production. The center buys very few programs—barely an hour a month.

Poznan produces an average of 20 minutes a month for TAI. TAI has currently committed itself to better cooperation with the centers, including Poznan. Practical experience will show whether these commitments are sincere.

Ideas for establishing a third national network and turning it over to the regional centers are received with skepticism in Poznan and viewed as unrealistic because of the lack of money and frequencies.

Recently, the cameras in Poznan were traded for new ones, but a 17-year-old transmission booth is operation at the same time. The center has three studio cameras, three stationary cameras in one transmission van, two hand-held in another and five for fast-breaking news. The entire staff recording events is composed mainly of a reporter, camera operator, sound person, electrician and director.

#### Szczecin: We Want To Make Joint Decisions

"We are the only center that met its plan for the amount of national programming by over 50 percent, yet last year we were in last place. In working for TAI we rarely have complaints from Warsaw," said Jacek Kaminski, editor in chief of the Szczecin center.

The center broadcasts half-hour programs every morning and evening, a three-hour bloc on Fridays and a Sunday program. The programming covers the Szczecin, Pila, Slupsk and Koszalin voivodships. In March it initiated a program of local scope—"Channel 7," that can be viewed daily from 0600 to 2300, on Friday at 2100 and on Sunday from 1630 to midnight. Up to now, more than 500 hours of programming have been broadcast on "Channel 7."

Part of the subscription fees that come to the center as a result of the allocation executed as headquarters covers 32 percent of the center's costs; the rest it must pay for itself. There are television centers where the subscription allocation comes to 50 or 60 percent; the centers in Gdansk and Krakow are in a situation similar to Szczecin. The center's additional income comes from sponsors, commercials and rentals.

"The most favorable legislative solution would be if the centers could decide jointly the allocation of subscription fees and the form of the national network," said editor Kaminski. "If the future law gives legal status to the centers, then entering into partnerships with foreign

firms, for example would be realistic, although I believe they would influence neither production nor the contents of television programs.

In editor Kaminski's opinion, after the emergence of commercial stations, the already difficult situation of some stations may get worse, because the amount of advertising ordered there will decrease. Commercial stations will have a better chance to adapt to the expectations of viewers and advertisers, if only because they will be able to juggle their transmission times—the centers; air time is designated from above by headquarters.

"For the time being, we are growing intensively," assures editor Kaminski. "Our program 'Channel 7' attracts viewers and mobilizes employees. Yet there is a danger that in the future the commercial stations will buy up our employees—one of our best technicians has already left for a pirate station, and an operator and editor went to a private television production company.

The Szczecin center's programs are produced on old equipment; the transmission van is over a dozen years old. The center has three cameras, a fourth is permanently with its correspondent in Koszalin, but there is no equipment for the correspondents in Pila and Slupsk.

#### Warsaw: Fight for Survival

"We have no influence on the form of the law on radio and television, and it alone will define the center's real prospects. For now all the centers are fighting for survival," said Joanna Bieganska, deputy director of the Warsaw television center. "The Warsaw center's situation is better than others' because we have a bigger advertising market, but if the centers achieved more independence, other regional stations would be in a more favorable position, because they have buildings and equipment, while we are working with Poltel's equipment. It was only recently that we got two cameras of our own, and we are supposed to get an editing bench."

The Warsaw center produces 10.5 hours of programming weekly, of which more than 80 percent is its own production. Along with the most popular Warsaw Television "Courier," the center also broadcasts "Voivodship Courier" (which covers topics from the 12 northern voivodships in Poland) and four times a week the morning "Courier." Among management's plans are expanding the broadcast of morning shows from Monday to Saturday. The Radio Committee has also been asked for access for the center to unused transmission bands, on which local afternoon programming would be aired before the state of the nationwide broadcast on Network II.

One attempt at an equal fight with the commercial stations that will emerge in the near future is the center's plan to broadcast 24-hour programming.

"We submitted an application to the minister of communications for allocation of a frequency and now we are waiting for an answer. We have our program offerings ready. We are prepared to go on the air—we have

bought foreign programs, we have plenty of our own material ready, lying on the shelf and waiting to be broadcast. In addition, we have the moral support of the heads of the Radio Committee," assures Joanna Bieganska.

One immediate attempt to strengthen the center financially is the concept of closer cooperation among them and exchanging the most attractive programs, whose costs would be borne by nine centers, not one—the producer.

#### **Wroclaw: Piracy Is Not Competition**

"Commercial television currently is not competition for the programming aired by the Wroclaw center," said Andrzej Pasierski, the center's editor-in-chief. "Echo' private television, operating in the region, is not meeting the demands of television professionalism, which is noticed by viewers. On the other hand, commercial stations currently operating legally or quasi-legally are competition in the advertising acquisition market. They do not observe the limits on air time allocated to commercials, so they can air them in any amount, which creates a threat to public television centers."

Since June, the Wroclaw center has begun daily (except Sunday) broadcasts of five-hour local programs, which can be received at a 30-kilometer radius from Wroclaw. Following the installation this fall of a more powerful transmitter the local program will become a regional program and will include four voivodships in Lower Silesia—Wroclaw, Legnica, Walbrzych, and Jelenia Gora—and Kalisz voivodship.

The initiation of a several-hour regional program is a transitional stage between the current level of programming (aired under TVP Network II) and a regional public television network planned for the future. The director of the Wroclaw center, Zbigniew Grabowski, and the editor in chief of Wroclaw television, Andrzej Pasierski, strongly emphasize the public status of regional television. It could be guaranteed, for example, by including in the law on radio and television a provision that the centers are partnerships, with a 51-percent State Treasury share.

In the newly initiated program, mainly news programs and "Facts," a regional informational and public affairs program, are retransmitted. Two editions of regional news are produced; they also cover basic information on events in Poland and the world. Information fills about 40 percent of program 5. The editor in chief of Wroclaw television, Andrzej Pasierski, believes that only after two or three months of broadcasting will it be possible to evaluate whether assumptions about the new program have been carried out.

Wroclaw television produces about 160 hours of programming a year for the national network. Included in this amount are 25 minutes of film and informational material produced for nationwide informational programs.

Most closely associated with the Wroclaw center are the authors' programs of Prof. Jan Miodek and Hanna and Antoni Guclwinski. "Strawberry Studio" is broadcast on Sunday and "Potters" on Thursday.

In director Grabowski's opinion, the studio equipment at the Wroclaw center corresponds to European standards. Wroclaw television is much worse off in reporting equipment—four cameras are well-worn; the center should receive two additional cameras very soon.

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*in Hungarian 3 Sep 92 p 1*

[Article by Attila Bogozi: "How Far Is South Tirol?"]

[Text] As our readers have already learned, Dr. Friedrich Konig, vice president of the parliamentary body of the European Council, and president of the parliamentary faction of the Austrian Peoples' Party, also visited Marosvasarhely [Tirgu Mures] in the course of his informational visit to Romania. According to the protocol worked out by the special committee of the Romanian parliament in cooperation with government officials, Dr. Konig visited the county's prefect, well known for his doings, and on that occasion he also met the mayors of Segesvar [Sighisoara] and Marosvasarhely. Afterwards, the guest had a separate conversation with the representatives of the county organs of the RMDSZ [Democratic Union of Hungarians in Romania] (Bela Marko, Laszlo Borbely, Gyorgy Frunda, Istvan Kiraly) who informed him of the real situation of the local Hungarians, providing copious facts. Late at night, in the auditorium of County Hall, Dr. Konig continued his orientation among the parties of the majority nation.

The report on the situation of minorities in Romania will undoubtedly reflect the negotiations. In any case, the guest had plenty to take notes on, because a complete polyphonic chorus tried to convince him of the Hungarians' troublemaking, unacceptable demands, and their running after privileges which are not due to them.

The tone was set by prefect Vasile Urdea, and was further orchestrated by Ileana Filipescu, local front leader with leanings to the Vatra Romaneasca.... The guest gave voice to the European Council's opinion, according to which if the Hungarian minority were also awarded the fundamental rights contained in the Romanian-German basic treaty which applies to the German minority in Romania, there would be a chance for real reconciliation. Nevertheless, the leader of the front thought the best solution for the national problem would be if Hungary were in Brazil.... Radu Ceonea also did not take a back seat, but after his hurried oration, he must have heard with embarrassment from Dr. Konig (because others read too, and closely!) that one of his beloved quotes was not an Eastern proverb, but a slogan of the Communist leader Teng Hsiao Ping. And that is not exactly the same....

Dr. Konig continued to give balanced, clear answers to the not always diplomatic, sometimes even threatening, at times sermonizing argumentation. He explained: The European Community does not intend to isolate Romania, but one must stop at some point; one cannot go back in history indefinitely.... After a certain Mr. Tocaciu, in the name of the Free Exchange Party, bluntly called Dr. Konig a liar (and, of course, ardently attacked Hungary in his introduction), at his request the guest patiently explained how the autonomy of the Austrian minority in South Tirol came to pass: an autonomy of public administration, culture, and even finances, with

German as the official language, schools in the mother tongue up to the university level.... And the ceiling did not collapse when after all of this, Adrian Motoiu, representative of the Romania Mare Party, insolently let off the remark: "That's how it is in our country, too!" That is to say, we, Hungarians, have exactly as many rights as the Austrians in South Tirol! But just look at the Romanians in Hargita and Kovaszna counties....

Dr. Konig also said that the fear of losing Transylvania is nothing more than an aberration, and he explained that self-determination is a fundamental right which is not subject to bargaining, and its realization cannot become a reason for violence. In view of the fact that Zeno Opris, president of the Vatra Romaneasca, flatly stated that wherever there is trouble in the world—i.e., in Slovenia, Sub-Carpathia, Transylvania, Serbia—Hungarians are at fault, Dr. Konig deemed the moment favorable to remind everyone that, indeed, after the Trianon treaty many Hungarians were left outside the borders of Hungary, and this explains their efforts to claim certain standards for their survival.

But let us finish here, because it is obvious that Dr. Konig will not have an easy time digesting all this gibberish (our respect to the exceptions: Tirnaveanu Emil, Smaranda Enache). Still, he promised to return in November, after the election, for a comparative assessment of the situation. God grant us that he will have a reason to return....

**Bishop Tokes's Speech to Hungarian World Congress**

**93BA0042B Bucharest ROMANIAI MAGYAR SZO**  
*in Hungarian 29-30 Aug 92 p 7*

[Speech given by Bishop Laszlo Tokes on 19 August 1992 in Budapest: "Laszlo Tokes's Speech to Hungarian World Congress"]

[Text] My dear brethren!

I greet you with unspeakable love, delegates and representatives of Hungarians from the mother country, swept into minority existence, and living in the West. I have not yet lived as long as we had to wait for the Third World Congress to take place, but behold, this day has come, and let us hope that we will not have to wait another 54 years for the next one.

First of all, I would like to talk about our "rich poverty."

I direct my talk, to quote Sandor Csoori, "to the spiritual parliament of the nation, which can be rebuilt from mosaics." To the universal representative community living in our ideals, which perhaps has not yet convened in its entirety at this congress, but its "invisible reality" (the Apostle Paul) has captured our hopes, and its spell has gathered us together on this day in Budapest.

Unity is still in fragments among us and in us. We are putting together the broken shards of our nation, fallen into pieces. But in the sense of the dialectics of the "part and the whole," of the Christian parable of the "body

and its members," our poverty can become immeasurable wealth once the mosaic of the fragments of our nation, formed by fate, fits together into a unified picture.

The Hungarians of today, the reorganized World Association of Hungarians, are joining forces for the creation of this great "historical work," that is to say, for saving and creating values. To formulate this in practical terms, in the spirit of our age: For the repayment of the debts of the past, the manifold increase, and the long overdue great national "compensation." Walking in the footsteps of Jesus of Nazareth, "who having been rich, became poor so that we would become rich through his poverty."

We are doing so because our Hungarian heritage is wealth, a value created and produced in order to be preserved, a value that we ourselves, and foreign powers, have plundered. We are seeking the future with the passion of a love which depletes itself, which serves in order to unearth the hidden treasure, to multiply our talents, lest on the Day of Judgment we be found lacking, and the "heavenly powers" reproach us with Gyula Fekete's "indictment for plundering the future." "My blood relations, Hungarian cannibals!"

More fortunate nations do not form world alliances like ours, even though their "world-wide" numbers would justify it much more. The treasury of the British Commonwealth or the glory of the former French colonial empire is of a completely different order than our "genteel poverty." As masters of former colonial empires, the self-assured British or French may regard our efforts to create unity beyond our means as a sort of doubtful nationalism. And the "clamorous" minority nations are surely a nuisance to united Germany, as well. It is a great achievement indeed if on occasion we are included in a communiqué from Washington....

And we are still forming a world association. What a luxury in the poverty of a small nation.... We read in the newsletter of the World Congress: In these golden August days, international professional meetings of Hungarian scientists, physicians, philosophers, librarians will take place; Hungarian writers, Hungarian students, Hungarian historians are also organizing a world congress, and Hungarian Tourism Officials and the Managers of Travel Agencies, the First World Congress of Hungarian Baptists also follow suit, just as last year the World Congress of the Hungarian Calvinists took place.... So many particular Hungarian causes—on the level of global universality. All of them are particular and global, world-wide and Hungarian at the same time.

Oh, it is not vanity, not a delusion of grandeur that has herded us together to a festive demonstration of power—which is perhaps still customary with other peoples. It is not even the expansive Hungarian nationalist political tradition in the Carpathian basin, attributed falsely to Saint Stephan [first king of Hungary], or the spectacular procession with the Holy Right Hand [relic of St. Stephan] which brings to mind the glorious past.

"This people has already atoned for the past and for the future" [quoted from the national anthem of Hungary].

Our Hungarian national feeling has already overcome the national children's diseases, similar to Pan-Slavic or Great Serbian ideologies. It has sobered from the dreamland of nationalism which regarded the Tisza [river in Eastern Hungary] as a border river. It rejects malicious interpretations according to which the threatening shadow of a parliament which is too large for the country looms over the neighboring states.

We are baffled to hear, and reject with dignity, accusations and slander which intend to continue to burden the conscience of the Hungarian nation which had once been proclaimed guilty, by wanting to brand us again harmful nationalists. It often borders on schizophrenia when, in accordance with extremist circles and dominant politics of the successor states, healthy national manifestations and natural efforts towards national renewal, the support and survival of harassed minority Hungarians, are regarded as nationalism even within the mother country.

It was not vanity, not an excess in national consciousness blown up to world-wide dimensions, which convened us today, and which once created the World Association of Hungarians; on the contrary, it was a miserable situation and a pressing need. Not the pride of a glorious nation, but rather our history akin to the fate of the nation of Israel, the pressing interdependence in the condition of a country lost, of dispersion, separation, and humiliation.

But the consciousness waking us to our own wastefulness also prompts us to pull ourselves together.

The compassion of the "poor" and "those little ones" of Christ promising grace is what prompts us to unite.

I am saying this with the verifiable credibility of our endured minority existence in Transylvania. I am saying this before we are forced to create first the World Association of the Partium, or then even the World Association of Former Inhabitants of Nagyvarad [Oradea] scattered to the four winds—with headquarters abroad. I am saying this with "persistent patriotism," with the "increasingly homeless patriotism" (Zoltan Banner) of my companions in misfortune.

Dear Assembly!

My Beloved Brethren!

Among the contradictions of our actual and symbolic poverty we must find our wealth, fragmented though it may be. In the interest of finding ourselves and our future, we must regain our self-respect. We must restore the honor of our Hungarian nationality which has been questioned and distorted by many in many ways.

There will be no country here, the Temple will never be built (Ady [Hungarian poet]), there is no way out of the crisis, and the Hungarians beyond the border will be lost if the nation does not wake up to itself, its community and particular values, and does not unite.

In spite of our manifold external and internal divisions and our differences determined by historical and social conditions, we must think in terms of a nation. Not only the World Association of Hungarians, but also the government, the opposition, those living dispersed, those living as minorities, our parties and organizations beyond the border.

At the same time, we must make our neighbors understand what they are so averse to: That the Hungarian nation is one and indivisible, whether Hungarians live on one side of the border or another, or anywhere in the world. Once they understand this, they will easily accept our political commitment to each other, to all Hungarians in the world based on moral grounds.

We also have to clarify to each other and to the world that our Hungarian nationality does not mean a national exclusivity; it is not directed against anyone, as the nationalist regimes engaged in preserving power try to make their people believe, using an ancient technique of creating enemy stereotypes. In accordance with democracy, we consider national existence and peculiarities complementary values which make up the manifold wealth of the world, of humanity. As Pal Bodor fittingly writes: "To be Hungarian is not a goal in itself; it is one of the beautiful dialects of 'being human.' It is the most beautiful for us, because we are human in Hungarian. We have no problem with those who are human in Romanian...."

I would like to appeal to the conscience of Hungarians and of our politicians and leaders when I call their attention to an important political and moral consideration.

We, Transylvanians, are baffled to see that politicians in the mother country often cross swords in the matter of minority Hungarians and, God forbid, subordinate fundamental national issues and the attitude towards them to party politics.

In my opinion, the Hungarians beyond the border, comprising almost one-third of the nation, are in such a critical situation that—at least at the present moment—it is unpardonably immoral to place political considerations in themselves above global national interests. A healthy, significant national policy demands a sort of "political ecumene" (Pal Bodor) from all of the parties: in our joint interest, in the defense of the endangered Hungarians. If you wish, this is an obligatory political-moral imperative—in the spirit of the World Association of Hungarians.

Finally, I call the attention of the World Association and every self-respecting Hungarian to one line of the epitaph, or I should say, poetic will, of our Transylvanian poet, Jeno Dsida.

In Transylvania, at the time of the "Romanian empire," the title of a poem by another of our great poets, Sandor Remenyik, became a common saying, suggesting the interpretation and acceptance of our fate: "As one can." As the opposite to "One cannot," which expresses the unbearable nature of minority existence, the poet proclaimed that one must fight "that noble fight" where one lives, "as one can."

I think one could apply Remenyik's poetic slogan to all Hungarians. "We came to the wrong place at the wrong time," on the line between East and West, "between two millstones," "on the highway of armies," at the verge of the precipices of Muhi, Mohacs, and Paris; we were worn and ground away, staggered and fought, most of the time in complete dependence, always only "as one could."

However, with the less well-known line of Jeno Dsida, we move the emphasis from fatal, or at least fateful, outside circumstances to our own responsibility and conscience—because the Transylvanian poet, who died young, took leave from the world with the following words: "I did everything I was able to."

In the final analysis, all our national problems, the questions of our national existence, can be reduced to this concise, severe, and judgmental accounting. Hearing this, every respectable person, Hungarian and neighbor, can ask himself with the seriousness of final issues: "Did you do everything you were able to?" Much depends today on this exacting self-examination while our people continue to fight for their survival in the Carpathian basin.

At the end of the 20th century, when something better has happened than what we hoped for, and something worse than what we expected; now, when the stern formula of "As one can" has been relaxed, and real prospects have opened up before us to better our lives, but at the same time our nation and our societies are afflicted by an unprecedented moral crisis, an infectious distrust inherited from the past and a faint-hearted inertia, undoubtedly, now it is that one needs most the mild, unheroic, self-assured warning of the poet which was conceived in Transylvania, in the vicinity of death which puts everyone to the test: "Do everything you are able to do." Let your Hungarian nationality fulfill its purpose in this active morality that is ready to sacrifice and ready to serve.

**Fruits, Vegetables in Zagreb Possibly From Serbia**  
**93BA0057C Split SLOBODNA DALMACIJA**  
**in Serbo-Croatian 30 Sep 92 p 25**

[Article by Zeljko Ivankovic: "Are Goods From Serbia Being Sold in Zagreb's Produce Markets? Whoever Eats a Tomato Is Violating the Embargo!?" ]

*[Text] Macedonian shippers are even today driving fruits and vegetables along the old "Yugoslav" route; the goods have proper "papers" from which it is evident that they are flowing from Macedonia, but experts are observing those goods that are loaded in Serbia. A flood of enterprises of the type Kuso-promet, Sajo-komerc, Ksaver-komerc, and the like. The Slovenes are raising the price of potatoes.*

Are Macedonian shippers who are driving Croats and their goods from Serbia into Croatia and, vice versa, taking Serbs to Serbia, violating the world commercial embargo against Serbia and Montenegro? Certainly, the point is cooperation in a still more evil act—ethnic cleansing, but Macedonian shippers, without any special pangs of conscience to be sure, are simply adapting to circumstances that others have imposed. Because they are only sufficiently [passage illegible] a passage to both one side and the other.

But Macedonian shippers are driving goods more often than people, mainly fruits and vegetables, along the old "Yugoslav" route, which is as complicated and full of traps today as the old silk route. And the more obstacles and barriers, the more determined and expensive the enterprising smugglers are, the higher their fees are, and the faster the pockets of end-users of fruits and vegetables are empty. The Zagreb produce market, as its director, Marko Krpan, informed us, is dominated by vendors from Virovitica, Varazdin, and Cakovac with peppers and potatoes, in which the turnover is now greatest.

But the Macedonians haven't left it at all; it can even be said that they are present in noticeable numbers. They bring in grapes for wine, peppers for salad, eggplant. It was not easy for them on the road before Panic's arrival in Serbia; it was evident to anyone who stopped them that they had to fill their pockets with what they could. Now it's easier, they say, but they still have to clear their way with marks.

Whether their goods are from Macedonia or perhaps from Serbia, it is not possible to establish in black and white terms, but there are so-called well-founded suspicions that they know they are violating the embargo. They have proper papers that the owners of the goods they are driving are Macedonian export enterprises of very [word illegible] names like Karajan-komerc, [passage illegible] and the like. The importers are mainly private enterprises in Croatia, mostly in Zagreb. Commercial inspectors are attempting to "check on" the operations of these enterprises, but the targets of the inspections are business books, tax payments, etc. That certain goods are from Serbia is easily concluded by the expert nevertheless, although he can't prove it. Thus, those who are formally selling tomatoes from Macedonia now most probably have brought them from Serbia, since

the Macedonian tomatoes are "early" and, everyone knows, are first on the market after the spring.

And the Macedonian trucks do not return to the south empty either. Safet Demiri of Tetovo, who is the owner of the Sajo-komerc enterprise, drives rock wool from Novi Marof to Macedonia for the Aga-komerc enterprise. The Macedonian contractor, who also told us that, when there are no goods, he looks for a family from one side or the other that is moving, usually transports sugar, plastic granules, and detergents through Hungary and Serbia. Naturally, the papers are always in order.

But if it is known that the shortage of sugar is greater in Serbia than in Croatia (because Kikinda evidently exports through secret channels), and that there are no detergents even for medicinal purposes, the contractor is prepared simply to stop the truck at a suitable place. The Hungarians have recently been checking only whether the tonnage of the truck corresponds to [passage illegible] the country is transit anyhow.

Business is done on the produce market exclusively and only with money in the purse, although these are the operations of enterprises. But, in order for orders to arrive between the north and the south of the Balkans, not one of these very competitive contractors even wants to think. Naturally, the Macedonians do not depart with Croatian dinars, and the mark is 260 Croatian dinars. Everything is done on the spot, sometimes because of an inspector 100 meters to the east, another time 100 meters to the west. Estimates in both money and goods are made according to the law of supply and demand. That is how the Macedonians, if they intend to work in Croatia, have their places there. In other words, the question is whether there would be tomatoes, and enough tomatoes, in Zagreb without them, despite the fact that it will perhaps stick in the throat of many when they find out that, by enjoying them, they are indeed violating the embargo and helping the enemy.

And as we have been looking askance lately at the Slovenes too, it is worthwhile knowing that it is they who are raising the price of potatoes weekly. Specifically, they are buying up everything that is offered to them, if it has any value, not straining themselves too much in setting the prices. They even go directly to farmers in northern Croatia. And here they bring in first-class apples and pears, which they immediately sell, says director Krpan. In addition, the highest quality produce goes best, since it lasts longer for retailing.

At one time Branimir Glavas warned that "Slavonia will not feed Zagreb any more." Indeed, there are no Slavonian vegetables on our produce market, but Slavonia has been oriented more to Bosnia than to Zagreb anyway. And since the harvest in Slavonia wasn't much because of the war, heaven knows, only Slavonian beans can be found now in Zagreb.

The Hungarians were known at one time as the only friendly neighbors of Croatia, and they are bringing us the most of that for which we are paying—onions.

## SLOVENIA

JPRS-EER-92-149

22 October 1992

**Drugs From Serbia Reach Slovenia's Market**

93BA0057B Belgrade *POLITIKA* in Serbo-Croatian  
1 Oct 92 p 12

[Unattributed article: "Because of the Crisis in the Slovene Pharmaceutical Industry: Drugs From Serbia on Slovenia's Market"]

[Text] Ljubljana, 30 Sep (Tanjug)—Drugs from commercial reserves, which pharmaceutical plants in Serbia have produced, will soon appear on Slovenia's market.

Certain drugs from the Zorka, Farmakos, Ineks—Hemofarm, Jugomedija, Srbolok, Tehnoservis, Zdravije,

and Galenika plants will be sold in drugstores and utilized in medical establishments.

In this way Slovenia is alleviating the increasingly stark crisis in the pharmaceutical industry, which, with the loss of the Yugoslav market, has been left with 40 percent fewer purchasers and is noncompetitive in the foreign currency arena.

According to assurances from the Ministry for Commerce, the placement of medicines from Serbian producers on the Slovene market does not represent a violation of the embargo and other international sanctions. The Ministry of Defense of Slovenia made the proposal that medicines from producers in Serbia and Bosnia-Herzegovina be freed from commercial reserves.

**Alleged Croatian Force Offensive Prepared**  
*93BA0057A Belgrade POLITIKA in Serbo-Croatian*  
*5 Oct 92 p 6*

[Article by Radovan Kovacevic: "A Brigade Is Defending the Heart of Hercegovina"]

*[Text] A large offensive of Croatian forces is being readied with the aim of penetrating into the center of old Hercegovina. The brigade, which has already been fighting for months against an opponent with a fivefold superiority in numbers, is closely following the beginning of the withdrawal of the Yugoslav Army. How the people of Trebinje will close the approximately 40 kilometers of the new front.*

Popovo Polje, 4 Oct—At the height of the confusion around Prevlaka, all eyes are fixed on the army of the Serbian Republic, and primarily on the Trebinje brigade. It has been struggling for months with an opponent with a fivefold superiority in numbers, defending, very successfully, a front that—according to the rules of war—belongs to a corps. An offensive in which Croatian troops again gained nothing raged here for about 20 days ("But for this they broke their teeth," fighters are saying). Now there is a lull, heavy, leaden, full of uncertainty.

**Where the Croatian Force Descended**

Lt. Col. Bogdan Kovac, brigade commander, a native of these parts, believes that the Croatian force is attempting to present this break in the action on the Dubrovnik-Trebinje line as an alleged readiness for peaceful solutions, since the world expects it while the Konavle knot is untied. As soon as the Yugoslav Army, according to the provisions of the Vance Plan and the agreement in Geneva, begins its withdrawal, a campaign of great dimensions could begin with the aim of penetrating into the old heart of Hercegovina.

According to the information in reports that this brigade possesses, Croatian troops are concentrated in "areas at a depth," which means relatively far from here, but they are ready for rapid transport.

"They won't catch us sleeping," says the commander.

It is believed in headquarters that the brigade reacted most urgently to the news about the departure of Montenegrin units from Zubac (east of Trebinje), as soon as an additional front is opened for the Hercegovinians along 40 kilometers or so. The commander is disclosing several facts that, under other circumstances, would be a closely guarded secret: His troops are physically tired, the greater part have already been floundering for a year around the rocky peaks without a rest and without imminent prospect of replacement or noticeable reinforcements. A good 14 Croatian brigades have struck at Trebinje in waves for two and a half months. The enemy knows all this, and perhaps more. He just doesn't know, add the mountaineers, how long we can hold out!

Why has such a large Croatian force descended right on this rocky terrain? With the end of actions on other

battlefields, the Hercegovinians believe, a number of undeployed units remained that it was necessary to maintain at a high level of battle readiness. The area between Dubrovnik and Trebinje is becoming, for Croatian warriors, a large test range for "training" that has exacted very many casualties, but the plan about the cruel baptism by fire of these brigades, mostly from Zagorje, Istria, but also Dalmatia, was realized. Here, the citizens of Trebinje say, people died "from daggers or pits"; this is not forgettable. From the command post of the brigade, in a village near Popovo Polje, Velicanji is not far away, a village with a monument to 1,070 victims of the Ustashi terror in World War II. The abyss of Rzani valley swallowed them up.

**The Croatian Army Leaving?**

We long to return to our homes, the fighters say. They are aware, however, that their villages, on one-quarter of the occupied territory of Trebinje district, have been destroyed and the graves plowed under by bulldozers. But in the same way they know that not a single Serbian soldier is on Croatian soil. The opinion exists that all this territory, even to the lower course of the Neretva, could be liberated fairly quickly, not only because the Hercegovinians have enough weapons and ammunition for the first time in history, but they are better organized and trained than the enemy and—something exceptionally important—they (even yet) are not hungry.

Also, the opinions about the withdrawal of Croatian troops are being realized, so the hour is not far off when, they say here, the leadership will announce in Zagreb that there will be no more involvement on the soil of Bosnia-Hercegovina. However, a rapid mobilization of all Muslims, Croats by ancestry from the Bosnia-Hercegovina area, and Albanians, who are sent to the Hercegovinian mountains immediately after training, is being carried out.

How will this brigade close those 40 or so kilometers of the new front? There is only one answer here—by extra efforts! This is a case of actions that belong in the domain of secrets that every army has. However, citizens of Trebinje at the front do not conceal the fact that they would solve this problem, like the problem of Prevlaka, much more easily without the temporary disagreements between military and political moves. In the brigade they are stubbornly repeating that dramatic moments are approaching in the next few days and thus only one slogan should be emphasized—everything for the front! This is also a message to those who shouted out megalomaniac messages earlier ("Dubrovnik is ours forever!") and are now "adjusting."

"Tomorrow can be too late!" warns Lt. Col. Kovac. "The burden of war is borne by workers, our farmers, reservists. The intellectuals are very rare who have followed the road of my chief of staff, reserve major Sveta Acimovic, who left a director's post in a firm of good standing and came to fight. We need every man because we must defend this territory at any price. We must smash the Croatian offensive that we are expecting and

the international community must understand that the Hercegovinians are defending themselves from the brutal aggression of an independent country that, moreover, is also a UN member, unfortunately."

**[Box, p 6]**

**Where Is the Assistance for Hercegovina Going?**

Some 1,500 metric tons of humanitarian aid has been sent to the Serbian people of Hercegovina from Serbia, but every third load has been lost somewhere! A conclusion about the suspicious intrigues can be reached on the basis of information cited today in Bileca by the agent for the welfare of Hercegovina, Rajko Papovic, at a meeting with representatives of the home clubs from Belgrade and Novi Sad. All trace of more than 500 tons of food, medicine, and other goods has seemingly been lost en route between the two cities mentioned and Niksic, which is also mentioned in connection with the disappearance of a large shipment of 22 tons of medicine.

Vukasin Pusara, member of the delegation of home clubs of Hercegovinians from Novi Sad, mentioned the public rumors that part of this aid is even going to Dubrovnik and Split (!), and that some private-state (?) enterprises are allegedly involved.

**[Box, p 6]**

**Lightning and Thunder on the Front**

There has been no fighting on the Hercegovian battlefield, according to information from the corps command. Only lightning flashed but a Serbian soldier fell under the heavenly artillery, unfortunately, on the curve of Zegulj between Ljubinj and Stoc. Another soldier was killed in an accident in Trebinje. Even during a deep calm casualties are falling...

A terrorist group of extremist Muslims, which attempted to attack the town of Miljevina near Foca, passed ingloriously. They were liquidated last night in an ambush set up by Serbian forces.

**Russian Trade Delegation Visit to Belgrade**

*93BA0052D Belgrade POLITIKA in Serbo-Croatian  
3 Oct 92 p 10*

[Article by G. Volf: "Assistance Promised in Drugs and Petroleum and in Breaking the Media Blockade"]

[Text] An expanded delegation of Russian trade unionists, including journalists, a representative of the Russian Orthodox Church and the Russian Writers Union, today completed its seven-day visit to Belgrade and Yugoslavia. During the visit, the delegation got to know the real truth about the Yugoslav crisis, saw for itself that the concentration camps do not exist, that the Serbs have been unjustifiably accused of aggression and subjected to the UN sanctions.

The Russian representatives in the United Nations, Mikhail Viktorovich Shmakov, president of the Moscow

Trade Union Federation, said yesterday at a press conference in the Belgrade trade union headquarters, did not have the mandate of their people to vote for exclusion of the FRY [Federal Republic of Yugoslavia] from the United Nations, and one of the reasons why this occurred was the news blockade that prevails in Russia. A Moscow television crew shot a film about Yugoslavia that will be a contribution to breaking the news blockade. This very day the delegation will visit the Russian Embassy in Belgrade and present a letter to President Boris Yeltsin in which it will request approval of petroleum deliveries for humanitarian purposes, and the same will be done on Monday after the delegation returns to Moscow.

According to Igor Yuryevich Yergens, first deputy of the General Trade Union Confederation, which in Russia alone has 67 million members, will familiarize his lobby in the Russian parliament with the truth about the Yugoslav crisis, and it will strive to have the sanctions removed. During the visit to ICN [International Chemical and Nuclear Company] Galenika, they were given a list of necessary substances for the manufacturing of pharmaceuticals, which, although exempted from the sanctions, are not reaching Belgrade, and so there will be insistence on their delivery. The recently established Fund for Aid to Yugoslav Children will also be informed, and the first shipment to the kids can be expected soon in Belgrade. The delegation, which also visited the shipyard in Bjela, will try to have all the contracts already concluded and work begun in the area of shipbuilding, construction, and other activities not to be dissolved, but only frozen until the blockade is terminated.

**Need for Humanitarian Energy Imports to Serbia**

*93BA0052B Belgrade POLITIKA in Serbo-Croatian  
1 Oct 92 p 7*

[Article by Momcilo Cebanovic: "If There Is Crude Oil and Gas, It Will Not Be Cold"]

[Text] Unless the United Nations removes at least some of the sanctions and opens the blockade at least a little, this winter will be very cold for us. It is not going to help us to draw up various lists of priorities or to look to domestic sources of energy, electricity, petroleum, and gas, when that is insufficient to keep us all warm. We have written previously about the facts, which prove that unless fuels are imported, there will be no heating, and then just these last few days there have been more and more statements made in public by people who are well-informed, people who were saying this even earlier, but not to the public, to the effect that there will not even be enough electricity, which the government has been "advertising." Aware of this, they have decided in the federal government to do everything to obtain the urgently necessary petroleum products, which accounts for this request to import 850,000 metric tons of petroleum.

If petroleum were all, that would be fine. However, as we have learned from Nikola Sainovic, M.A., federal minister for the economy, there will be various petroleum derivatives intended above all for heating. Gas from Russia, without which there is no saving us, although that might sound too gloomy to some people, is also on that list for humanitarian imports.

#### Shortages Even Without the Blockade

China has been mentioned in wire service reports as the principal seller of petroleum products. That, incidentally, was one of the purposes of Prime Minister Panic's visit to Beijing. We cannot but recall the trip to Beijing by Dr. Radoman Bozovic, Serbian prime minister (this April), after which we read that monthly deliveries between 150,000 and 200,000 tons of petroleum had been contracted for, that these are long-term transactions involving various forms of payment, with the possibility of opening a line of credit of \$100 million. The trading partner of the NIS [Petroleum Industry of Serbia] would be the Chinese Sinochem, which since the closing of the oil pipeline has been Serbia's principal supplier of petroleum and petroleum products. But the blockade and sanctions put a stop to all that. Now, let us hope, Chinese petroleum will again come to our aid.

Can we get by without humanitarian imports, even though we are a very proud people? Recently, Milan Djakovic, NIS general director, said that all domestic natural gas would go for residential heating. A padlock, that is, on the factories. But what good does heating do the people if they do not have the money to buy food, because the factories will be shut down? Even when there was no blockade, there was not enough crude oil, and the consumers switched in overwhelming numbers to gas. We wrote last December: "The pressure drop in the gas pipeline has contributed to the present difficulties, along with the cold winter and shortage of crude oil, which there still will not be as much of as is needed, and firms do not know what to do when there is not enough of either crude oil or gas." Everyone drained off as much gas as he needed, not as much as he was allowed. So, the story about our helplessness concerning energy in the wintertime did not start with the blockade. In the last quarter of last year, Energogas, which sees to the supply of gas to consumers in Serbia south of Batajnica, contracted with Russia for deliveries of 78 million cubic meters a month. At that time, the monthly shortage was about 40-50 million cubic meters. In that part of Serbia there are 92 firms using gas. Back in June we wrote that 15 factories in Serbia were operating at the technological minimum, because the Hungarians had stopped the flow of gas. We were not paying them for transit. Even if all the domestic output of gas is used, this winter we would cover only 40 percent of the needs of heating plants. We are leaving aside the rest. So, we need imported gas. Unless more arrives than last winter, it is possible that many factories will be taking a winter vacation in spite of imports and the domestic gas.

#### Will the United Nations Give Us the Go-Ahead?

Crude oil is the gold reserve of the heating plants. The largest heating plants have enough of it only for the beginning of the heating season. It is difficult to foresee how they will operate even if the crude oil arrives, because they all depend on gas as well. It is impossible to "shuttle" the boilers from one fuel to another every 10-15 days. If we are to import it, we have to pay for it. Will the public have the money to pay for heating so that then the heating plants can pay the petroleum people for the fuel, and then the latter can buy foreign exchange and meet their foreign obligations?

Until a few days ago, electric power was what we relied on. We were all thinking only of electric radiators, heaters.... They were chilled a bit by the electric bills (for heating), but they will really be chilled by what people informed about events in the electric power industry are now saying. Overhauls have not been done as they should have and as they were scheduled, but rather as the opportunity offered. There is not enough crude oil, a shortage of chemicals.... Operating preparedness is not what it was in earlier years. The system is not ready for the loads anticipated. There are no spare parts for urgent repairs. There is no gasoline for the vehicles that would respond to emergencies. They are afraid of breakdowns, because there is no winter when they do not happen. Which is no wonder, because no one in the world plunders thermal electric power plants the way we do.

Probably the Serbian Government has by now become aware of all this and decided to prepare a decree restricting power consumption. All overusage would be paid double. Otherwise, darkness. Will the United Nations give us the go-ahead?

[Box, p 7]

#### Power Consumption Restrictions on the Horizon

Although in recent months we have heard stories about how there would be enough power, recent meetings at which people from the electric power industry have been heard from suggest an altogether different reality. Two days ago we heard in the federal Economic Chamber that there would be power, if there are no breakdowns, if there is petroleum, if there is money.... Yesterday we heard something similar in the Committee for the Fuel and Power Industry in the republic Economic Chamber. There will be no power for all those people who have an idea they are going to use electric heating. The government, it was stated, is even preparing a decree restricting consumption under which every household will have to consume monthly only the amount of power which it consumed last winter and it will have to pay a price twice as high for all kilowatt-hours beyond that. Anyone who has not paid his bills, representatives of the electric power industry emphasized, will be left without electric power.

We are meeting only 20 percent of our needs for gas, but there will be more of it for heating if the economy is cut off. Then 40 percent of the gas needed for heating would

be available. Lists of priorities are involved concerning the consumption of all energy sources.

### **Regulation on Electricity Rationing Urged**

*93BA0052F Belgrade BORBA in Serbo-Croatian  
1 Oct 92 p 10*

[Article by J. Putnikovic: "The Decree on Shivering Is Awaited"]

[Text] There will not even be enough electric power for the upcoming heating season. Having decided to make this truth public, the members of the Energy Committee of the Economic Chamber of Serbia issued a message from yesterday's meeting to the Serbian Government that it hurry adoption of a decree and inform citizens that in their households during the winter months they are not to exceed the kilowatt-hours that they consumed during the same period of last year.

"Under normal energy conditions, during the period of winter consumption, when consumption is 50 percent higher, we have problems providing regular supply. But to guarantee the consumption envisaged in the budget for electric power borders on science fiction," said Stanisa Paunovic, director of the Djerdap Hydroelectric Power Plant, remarking that because of the future power shortage instructions should be drawn up to inform consumers that in no case dare they turn on several devices consuming electric power at the same time.

### **Double Penalty for Those Who Waste Power**

The decree on optimization of power consumption, incidentally, envisages a double penalty for wasteful consumers who exceed the approved allowance: the power will be turned off, and they will pay for the excess kilowatts at double the regular rate.

Speaking about the government's program for getting through the winter, Radoje Zecevic of the Economic Chamber of Serbia said that the planned production of petroleum and petroleum products in the second half of this year will cover consumption for only two months; that domestic sources of natural gas will cover only 43.3 percent of consumption, coal only half, and that the plan to generate 15,184 billion kWh [kilowatt-hours] of current to make up the shortage is unfounded optimism. That is why the government, according to Zecevic, has drawn up lists of priorities. In first place are production and sales of medicine and food, health care institutions, and preschool institutions. Heating and consumption of energy sources in households and special-purpose production fall only in the second category. Industry is in the third position among those who will get the largest amounts of fuel.

Questioning that even this much power will be generated, those who took part in the discussion said that overhauls had not been done as they should have—primarily because of money and the embargo, which has prevented the purchase of replacement parts and production supplies, so that breakdowns are possible like

the recent one at Kolubara, which has taken this generator of power off line up until December. There are fewer and fewer replacement parts and production supplies both for normal production and also for the transmission of power. There is a question of whether there will even be enough coal for thermal electric power plants. After all, as Milivoje Bugarcic of Rembas said, inventories of electric detonator caps for methane conditions in mining coal will last for 15 days at the longest. Because no one in Yugoslavia has done anything to replace the imported "igniters" with domestic ones, the mining of coal will come to a halt. Miloje Zekic, Bugarcic goes on to say, has managed to produce a domestic explosive, but here again there are problems in issuing certification, so that use procedure is highly complicated. Coal production is also being held back by the shortage of petroleum products. The state has granted the mines the right to obtain petroleum, but it has not furnished the petroleum.

### **General Shortage**

Krsta Vukovic of the Electric Power Industry of Serbia, picking up on the story about the shortage of petroleum derivatives, said that the situation with chemicals necessary to operation of thermal electric power plants can be described as "constantly walking on the edge." He gave the previous day as an example, when the Nikola Tesla Thermal Electric Power Plant had eight metric tons of chemicals in a tank, and they had to get emergency help from Zupa in Krusevac, which sent them a tank truck, because daily consumption runs between 10 and 12 tons.

Every new startup of a thermal electric power plant requires crude oil and igniting fuel, explains representatives of the Serbian Power Industry, and they say that because it is quite certain that some systems will drop out, they will have to be started up more frequently, so that perhaps that quantity will even have to be increased. But at present only 7 percent of storage space and the volume of 50,000 tons is filled. In the case of heating oil and diesel fuel, the figure is only 13 percent, which is also insufficient. The other day a breakdown almost occurred at the Nikola Tesla A Thermal Electric Power Plant, because the pumps "were drawing in fuel from an empty tank."

Nor is the situation any better in hydroplants. In August, the Danube had the lowest stage in the last 200 years, and even now the flow is at the level of the greatest drought in the last 100 years. And then there is the already well-known bottleneck of the electric power system—the distribution network—which also has not been repaired as it should have been.

An additional threat to any normal supply of electric power to customers in Serbia is represented by the fact that our electric power system has now been excluded from the European system (because long-distance transmission lines in Croatia were severed), so that possible large disturbances in consumption and production could even cause a disintegration of the rest of the system, which is connected to Montenegro, Macedonia, Greece, and Albania.

**Proposal To Rebalance Budget in Serbia**

*93BA0052A Belgrade POLITIKA in Serbo-Croatian  
1 Oct 92 p 6*

[Article by I.A.: "A Doubling of the Republic Budget"]

[Text] Instead of the envisaged 162 billion dinars, Serbia's budget for this year will most probably amount to about 340 billion. This is planned in the proposal for refinancing the budget that the government has submitted to the Serbian Assembly for its consideration for adoption.

In proposing an increase of 187 billion dinars, the government says that the original figure on the amount of funds in the republic treasury has experienced a drastic 65-percent drop in real value. Reasons given are the altered economic conditions, the economic blockade, the rise of prices, and the increased expenditures of the republic for special purposes.

More than half of the proposed increase in budget revenues, about 60 percent, is intended for the social services. They will receive a total increase of 110 billion dinars, but elementary education will have the greatest benefit from the special distribution. That group is supposed to receive 32 billion, secondary education 16 billion, junior postsecondary education about 2 billion, while the universities will obtain an additional 14 billion. Appropriations will amount to 5.5 billion for the social welfare of pupils and students, 5.6 billion for science, 3.8 billion for culture, and 8.8 billion dinars for social welfare. An increase of 18 billion dinars is intended for child welfare.

The government is proposing that 53.5 billion, which the rebalancing will furnish, be committed to stimulating development. More than 14 billion dinars will be reserved for special purposes. Most of those funds will be committed, as now envisaged, to the republic Ministry of Internal Affairs and to the Commissariat for Refugees.

The budget of Kosovo and Metohija would also be increased by the amount of 454.5 million dinars, and these funds will be furnished from the budget of Serbia.

**Economic Council Member on Printing Money**

*93BA0052E Belgrade POLITIKA in Serbo-Croatian  
1 Oct 92 p 12*

[Article by S. Vujosevic: "When Taxes Fail, There Is Still the Printing Plant"]

[Text] The adverse consequences of the slowdown in the money printing plant in Topcider, where the workers are beginning to think that they might join the army of the unemployed, are already being felt. Should this money "faucet" be opened, as many are now demanding? The payment of certain domestic obligations and needs within the country is late, and many dare not be postponed.

At the same time, the state treasury is in a drought. The revenues that were counted on are not coming in. Customs duties because there hardly are any, and taxes

because more than half of the taxpayers are evading payment. How is money to be found? Are there sufficient grounds for the argument in favor of printing as much money as is necessary, or should we refrain from that step of "pouring oil on the fire of inflation" at any price? We put this question to Bosko Raicevic, doctor of economic and legal sciences at the Economics Institute in Belgrade, a member of the federal Economic Council.

**Necessary Evil**

"A state that does not have money or real sources of revenues must print money, so however much we would like and desire to stop that, we will not succeed. The only question is how much more money we will print and what we will use that money for. At the moment, the republics are more interested in primary note issue than the federal government, and that is the result of the separation of powers at the moment," Raicevic says.

The printing of money and the closing of this faucet act on prices and the economy like high tide and low tide. Any amount of money that leaves the printing plant has the disastrous effects of a flood on prices. After all, it is well-known that the printing of money is additional oil on the fire being spread by inflation.

"Primary note issue is only the first of three ways with which the state can make up for the shortage of money. The second is to issue bonds, and the third is to borrow wherever it can. The chances of obtaining money in the country by selling bonds or from gifts from the richer private people are small, but they do exist, while borrowing abroad is not possible at the moment. Although any borrowing also means spending against the future, this has not prevented the United States from constantly going into debt," Raicevic says. "At the moment, the U.S. public debt amounts to hundreds of billions of dollars, and so if all those who had lent the United States money demanded to get it back in a short time, the United States would 'burst like a balloon.'"

**There Are No Revenues**

When the state's money runs out, the easiest thing for it is to take loans from primary note issue, but because it is also issuing orders for the printing of money, it rarely repays those loans.

"It is the shortage of revenues that gives rise to the need to print money. At the moment, there are almost no revenues from customs duties, and in this chaotic situation it is difficult to collect even taxes that have been billed. From that standpoint, the situation is further compounded by the fact that transformation of the economy is being carried out at the same time. When the private sector or some other form of ownership flourishes, all of these new owners of capital try to pay the lowest possible taxes," Raicevic explains.

It would seem that all 12 million Yugoslavs would have to become tax inspectors if maximum taxes are to be collected.

"All of this is the result of the political and semiwar chaos. More than 50 percent of the turnover tax is not being collected. The tax on cigarettes and alcohol is also being evaded, because the trade sector has largely switched to the black market with these goods. Payment of the turnover tax on petroleum and petroleum products is also being evaded.

"Under those conditions, there are always two ways of finding the money necessary to finance public expenditure.

"In the history of humanity, states have introduced new taxes under conditions like these if they wanted to cover the larger needs out of real revenues. The alternative is to print money," Raicevic says.

In any case, all public expenditures financed from the budget are to be reduced, and this includes, among other things, expenditures for government administration.

"A more organized approach should also be taken to collecting taxes. Strict enforcement of tax laws has always created the nucleus on which the law-governed state was formed. It is well-known in the world that strict enforcement of tax laws has always aroused both greater respect and the enforcement of other regulations," Raicevic said.

#### Data on Meditrade Savings Enterprise

*93BA0052C Belgrade POLITIKA in Serbo-Croatian  
3 Oct 92 p 10*

[Article by B. Dumić: "Capital From London as a Pledge"]

[Text] For quite a long time now the Meditrade Savings Bank has been paying interest on dinar savings that is among the highest on the market. Very few people know who is behind that firm and where it is located, but for two years now its name has been "spread out like a peacock's tail" in the very center of Belgrade, across the way from the Beogradjanka.

At a time when high interest rates on savings deposits have the pull of a magnet on those who would like to earn something, but also when everyone is cautious out of fear that their own money will "evaporate," because nothing is completely certain any longer, the reliability of those to whom the money is entrusted is certainly important.

That is why those who have savings are rightly asking, as are others, whose capital is behind the Meditrade Savings Bank?

The owner of Meditrade, Ltd., is Mr. Miodrag Siskovic, a businessman from London. His company has been operating successfully under that same name for 10 years now in the capital of England. In January 1990, he opened the first savings bank in Belgrade and then also the Meditrade Tourist Agency.

Mr. Siskovic was in Belgrade the other day. Businessman that he is, he often travels, but he runs his offices all over the world from London. However, by the end of this year the new headquarters of Meditrade, Ltd., will be at No. 11-15 Knez Mihailova in Belgrade. That is, he has purchased 600 square meters of office space there for 1.5 million marks [DM], and he will invest as much again to redo it as befits a successful firm.

What kind of business is Meditrade, Ltd., actually in?

"The name of the firm itself means a bridge between East and West. We are involved in international trade transactions between these two parts of the world: raw materials and intermediate products are going from the East and modern technology, industrial equipment, electronics from the other side..." Mr. Siskovic explains.

And for 10 years now business has been good, and he said that in that time numerous representative offices of Meditrade have been opened: in Frankfurt, Vienna, New York, Moscow, Dublin, and then in Belgrade, Podgorica, and Sarajevo. There is, of course, capital behind all of this, including the savings bank in Belgrade.

Many people have returned from the big wide world and brought their capital with them. But how long are they all going to stay? Mr. Siskovic says of himself that he will stay forever.

"When I left the country 21 years ago, I knew that I would come back one day. I was certain that better times would come in which a man would be able to prove his abilities and enterprise," Mr. Siskovic says, having left here, by his own account, when he was "kicked out" as a manager.

"That year, 1970, which is now far back, I went straight to Frankfurt and enrolled in foreign trade studies at Goethe University for Managers.... After working in Tsentrprom and Progress, I wanted a still better knowledge of the secrets of this 'trade,'" Mr. Siskovic says.

But what is it like working here under the conditions of the blockade? we asked this businessman. "Just like everyone else, the blockade does not allow me to conduct the full range of my business, so I hope it will not last long. The office in Sarajevo is not operating because of the war, but we hope that that will not last long either," Mr. Siskovic answers.

Nevertheless, what is it like to be a businessman in a world in which there are a great many people grabbing for the good deals that bring a good profit? Does Mr. Siskovic have some secret of his own or a motto?

"Business, you know, is like an exciting game of chess. It is my hobby. That is not rhetoric. I love working out a series of moves. Tying together various deals from various parts of the world from Vienna to New York or Moscow. It is really exciting," Mr. Siskovic said in conclusion.

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